

son, N. Y., protesting against the passage of the so-called education bill; to the Committee on Education.

144. By Mr. PERSON: Petition of citizens of Detroit, Mich., and vicinity, to enact legislation to curb the activities of the chain-store system; to the Committee on the Judiciary.

145. Also, resolution of Hazel Park Post, No. 25, American Legion, Hazel Park, Mich., urging immediate cash payment at full-face value of adjusted-compensation certificates; to the Committee on Ways and Means.

146. By Mr. RUDD: Petition of New York Board of Trade (Inc.), favoring a sales tax; to the Committee on Ways and Means.

147. By Mr. SINCLAIR: Petition of North Dakota Water and Sewage Works Conference, for legislation that will utilize the flood waters of the Missouri River and others to the fullest extent for the people of the State and Nation; to the Committee on Flood Control.

148. Also, telegram from the William G. Carroll Post, No. 26, of the American Legion, Minot, N. Dak., favoring the immediate cash payment of adjusted-service certificates; to the Committee on Ways and Means.

149. By Mr. SMITH of Idaho: Resolutions adopted by the following organizations indorsing activities of the Federal Farm Board: Franklin County Grain Growers (Inc.), Preston; Ririe Grain Growers (Inc.), Ririe; Gem Valley Grain Growers (Inc.), Grace; Yellowstone Grain Growers (Inc.), Drummond; Camas Prairie Grain Growers (Inc.), Fairfield; Madison County Grain Growers (Inc.), Rexburg; Power County Grain Growers (Inc.), American Falls; and Arimo Grain Growers (Inc.), Arimo, of the State of Idaho; Blue Creek Grain Growers (Inc.), Blue Creek; Central Utah Grain Growers (Inc.), Nephi; and Hansel Valley Grain Growers (Inc.), Hansel Valley, of the State of Utah.

## SENATE

TUESDAY, DECEMBER 15, 1931

The Chaplain, Rev. Zebarny T. Phillips, D. D., offered the following prayer:

Almighty God, Father of all mercies, who hast brought us to this hour of serving Thee, we bless and magnify Thy glorious name for all the gracious gifts of Thy bestowal as day by day Thy gentle breath revives for us life's grace and beauty. We thank Thee for the sanctities of home, for those whose love is as a quiet sanctuary of the soul when the ills of life oppress us, for those whose need and sorrow evoke our tender sympathy, our worthiest compassion. Give us, therefore, an understanding heart to discern Thy will, a noble courage to fulfill it, and, crowning all, a joy in service that shall inspire this Nation with a sure and steadfast purpose which shall dissipate all clouds of gloom and fear and point the way once more to our eternal destiny. We ask it in the name of Him who is the desire of nations, Jesus Christ our Lord. Amen.

### THE JOURNAL

The Chief Clerk proceeded to read the Journal of yesterday's proceedings, when, on request of Mr. McNARY and by unanimous consent, the further reading was dispensed with and the Journal was approved.

### ANNUAL REPORT OF THE COMPTROLLER OF CURRENCY

The VICE PRESIDENT laid before the Senate a communication from the Comptroller of the Currency, transmitting, pursuant to law, his annual report covering the activities of the Currency Bureau for the year ended October 31, 1931, which, with the accompanying report, was referred to the Committee on Banking and Currency.

### PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate the following resolution of the Legislature of Rhode Island, which was referred to the Committee on the Judiciary:

### STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS, IN GENERAL ASSEMBLY, JANUARY SESSION, A. D. 1931.

Resolution recommending to the Congress of the United States the passage of legislation providing for the repeal of the eighteenth amendment of the Constitution of the United States

Whereas in the year 1637 Roger Williams, the founder of this State, dedicated a Commonwealth to the great idea of liberty and law, and for the first time saw that great idea take an organic form in a civil community and become expressed in a social compact; and

Whereas it has been the fortune of the State of Rhode Island and Providence Plantations, from her first settlement to the present hour, to balance herself between liberty and law and to wage war as occasion might require against those who sought to encroach upon her liberty or those who denied her right of self-government in accordance with her ancient law; and

Whereas in assertion of her right to liberty the general assembly of this State on May 4, 1776, with but six dissenting votes, declared her independence of Great Britain, thus anticipating by two months the Declaration of Independence, and thus daring to stand against tyranny even though, like her great founder, she stood alone; and

Whereas the people of this State have always insisted, and do still insist, that the liberty of a State to control the conduct of its citizens is the most precious possession of a democracy, and that the solution of local problems can come only from experience within the State and can never come from intervention from without; and

Whereas in the course of her history the State of Rhode Island and Providence Plantations attempted to enforce prohibition by law upon her people, and in the year 1886 the legislature of this State voted to submit to the people the following amendment to the constitution of the State:

"The manufacture and sale of intoxicating liquors to be used as a beverage shall be prohibited," this amendment being approved by the people in April, 1887, by a vote of 15,113 to 9,230; and

Whereas so numerous were the violations of this prohibitory law, so general was the defiance of the law by the citizens of this State, so great were the evils which accompanied this prohibitory method, that in January, 1889, the assembly voted that the previous prohibitory amendment should be annulled, and in June the people concurred in their opinion by a vote of 23,315 to 9,956; and

Whereas when the eighteenth amendment to the Constitution of the United States was proposed to the State of Rhode Island and Providence Plantations this State, mindful of its disastrous experience and failure in the effort of this State to enforce prohibition by law and conscious that this amendment was an encroachment by the Federal Government upon the State sovereignty which was the chief concern of those who framed the Constitution, directed its attorney general to test the legality of this amendment as adopted by the legislatures of three-fourths of the States; and

Whereas the State of Rhode Island and Providence Plantations has always refused and does still refuse to ratify and adopt the eighteenth amendment to the Constitution of the United States; and

Whereas the qualified electors of the State of Rhode Island and Providence Plantations at the election held November 4, 1930, by a vote of 171,960 to 47,652 declared against the further retention of the eighteenth amendment to the Constitution of the United States: Therefore be it

Resolved, That the General Assembly of the State of Rhode Island and Providence Plantations does hereby express the will of the people of Rhode Island and of this general assembly that the eighteenth amendment to the Constitution should be repealed, because said amendment is contrary to the purpose and spirit of the Constitution, debasing our fundamental code of political rights and duties by the addition of a legislative fiat of a purely sumptuary nature; because said amendment, which has so greatly abridged and affected the rights and habits of the people of the United States, was not approved by the people of the United States, or by legislatures of the various States elected to vote upon such amendment; because said amendment seeks to enforce prohibition by law rather than to promote temperance by education and self-discipline and attempts an experiment never successful in any country at any time; because said amendment is designed to prevent the personal use of intoxicating liquor, no matter how moderate such use may be, and thereby incurs the resentment of millions of our people who see nothing criminal or immoral in such use; because said amendment and the Volstead Act place the restraining hand of law upon practices that are at most only of doubtful character and sacrifice the wholesome distinctions which for centuries have separated debatable habit from indisputable crime, enact penalties so utterly disproportionate to the offense that they offend the universal sense of justice and thus can not only never be enforced but rather will always be either cunningly evaded or contemptuously ignored; that said amendment and the Volstead Act, running counter to public opinion in certain States, have inspired neither respect for their justice nor fear of their enforcement and because of such lack of respect or fear have resulted in a Saturnalia of crime and corruption fatally injurious to government and morals; and because such amendment creates an irrepressible issue now dividing and destined to further divide



the States of our Union to the detriment of national unity, progress, and strength; and be it further

*Resolved*, That the Representatives and Senators in Congress from Rhode Island be instructed to initiate, work, and vote for legislation requiring Congress to call a convention under Article V of the Constitution of the United States for the purpose of proposing an amendment or amendments to the Constitution amending, modifying, revising, or repealing Article XVIII; and be it further

*Resolved*, That the secretary of state of the State of Rhode Island be, and he is hereby, directed to forward copies of this resolution to the President of the United States, to the Vice President of the United States, to the Members of the United States Senate, and to the Members of the House of Representatives 10 days before the convening of the Seventy-second Congress.

STATE OF RHODE ISLAND AND  
PROVIDENCE PLANTATIONS,  
OFFICE OF THE SECRETARY OF STATE,  
Providence, March 23, 1931.

I hereby certify the foregoing to be a true copy of the original (H. 805) resolution recommending to the Congress of the United States the passage of legislation providing for the repeal of the eighteenth amendment of the Constitution of the United States passed by the General Assembly of the State of Rhode Island and Providence Plantations and approved by the governor on the 21st day of March, A. D. 1931.

In testimony whereof, I have hereunto set my hand and affixed the seal of the State aforesaid this 23d day of March, A. D. 1931.

[SEAL.]

ERNEST L. SPRAGUE,  
Secretary of State.

The VICE PRESIDENT also laid before the Senate the following joint resolution of the Legislature of Illinois, which was referred to the Committee on Military Affairs:

STATE OF ILLINOIS,  
OFFICE OF THE SECRETARY OF STATE.

*To all to whom these presents shall come, greeting:*

I, William J. Stratton, secretary of state of the State of Illinois, do hereby certify that the following and hereto attached is a true photostatic copy of Senate Joint Resolution No. 23, the original of which is now on file and a matter of record in this office.

In testimony whereof I hereto set my hand and cause to be affixed the great seal of the State of Illinois. Done at the city of Springfield this 12th day of August, A. D. 1931.

[SEAL.]

WILLIAM J. STRATTON,  
Secretary of State.

STATE OF ILLINOIS,  
FIFTY-SEVENTH GENERAL ASSEMBLY, 1931,  
SENATE.

#### Senate Joint Resolution 23

Whereas Gen. John J. Pershing was born at Laclede, in Lynn County, Mo., and spent his boyhood days and grew to manhood there; and

Whereas there is a widespread sentiment to promote and influence the location of a national military park at Laclede to perpetuate the name and memory of General Pershing: Now, therefore, be it

*Resolved by the Senate of the Fifty-seventh General Assembly of the State of Illinois (the House of Representatives concurring herein)*, That the Seventy-second Congress of the United States be respectfully requested to enact necessary laws establishing a national military park at Laclede, Mo., in honor of General Pershing; and be it further

*Resolved*, That a copy of this preamble and resolution be transmitted to the President of the United States, the Vice President, the Speaker of the House of Representatives of the Seventy-second Congress, and to each Member of the Senate and House of Representatives of the Seventy-second Congress from the State of Illinois.

Adopted by the senate June 18, 1931.

FRED E. STERLING,  
President of the Senate.  
J. H. PADDOCK,  
Secretary of the Senate.

Concurred in by the house of representatives June 19, 1931.

DAVID E. SHANAHAN,  
Speaker of the House of Representatives.  
GEORGE C. BLAEUER,  
Clerk of the House of Representatives.

The VICE PRESIDENT also laid before the Senate the following joint resolutions of the Legislature of the State of Illinois, which were referred to the Committee on Finance:

STATE OF ILLINOIS,  
OFFICE OF THE SECRETARY OF STATE.

*To all to whom these presents shall come, greeting:*

I, William J. Stratton, secretary of state of the State of Illinois, do hereby certify that the following and hereto attached is a true photostatic copy of Senate Joint Resolution No. 3, the original of which is now on file and a matter of record in this office.

In testimony whereof I hereto set my hand and cause to be affixed the great seal of the State of Illinois.

Done at the city of Springfield this 12th day of August, A. D. 1931.

[SEAL.]

WILLIAM J. STRATTON,  
Secretary of State.

STATE OF ILLINOIS,  
FIFTY-SEVENTH GENERAL ASSEMBLY, 1931,  
SENATE.

#### Senate Joint Resolution 3

Whereas the young manhood of this country immediately responded to the call of our Government in doing its great work in the late World War, and in the face of death performed such valiant and heroic service as to bring credit to themselves and crown the American arms with glory and victory; and

Whereas these loyal and brave men, in making this world safe for democracy, gave up the benefits of home life and the opportunities of financial gain and now are in large numbers unemployed and in destitute circumstances; and

Whereas legislation is now pending in Congress to provide for the cash payment to veterans of the World War of the cash surrender value of their adjusted-compensation certificates issued under the World War adjusted compensation act; and

Whereas fairness and justice demand that our Government come to the aid of these veterans of the World War in their present distress: Now, therefore, be it

*Resolved by the Senate of the Fifty-seventh General Assembly of the State of Illinois (the House of Representatives concurring herein)*, That the President of the United States and the Senate and House of Representatives of the present Congress be memorialized to enact legislation to provide for the immediate cash payment to veterans of the World War of the cash surrender value of their adjusted-compensation certificates issued under the World War adjusted compensation act; and be it further

*Resolved*, That a copy of this preamble and resolution be forwarded to the President of the United States, the President of the Senate, and the Speaker of the House of Representatives of the present Congress, and to each Senator and Representative therein from the State of Illinois.

Adopted by the senate January 27, 1931.

FRED E. STERLING,  
President of the Senate,  
J. H. PADDOCK,  
Secretary of the Senate.

Concurred in by the house of representatives January 28, 1931.

DAVID E. SHANAHAN,  
Speaker of the House.  
GEO. C. BLAEUER,  
Clerk of the House.

STATE OF ILLINOIS,  
OFFICE OF THE SECRETARY OF STATE.

*To all to whom these presents shall come, greeting:*

I, William J. Stratton, secretary of state of the State of Illinois, do hereby certify that the following and hereto attached is a true photostatic copy of House Joint Resolution No. 55, the original of which is now on file and a matter of record in this office.

In testimony whereof I hereto set my hand and cause to be affixed the great seal of the State of Illinois. Done at the city of Springfield this 12th day of August, A. D. 1931.

[SEAL.]

WILLIAM J. STRATTON,  
Secretary of State.

#### House Joint Resolution 55

Whereas in a recent radio address William Randolph Hearst, addressing himself to the American people, advocated that the Congress of the United States authorize the issuance of a \$5,000,000,000 bond issue for the purpose of speeding up public works, with a view of relieving the present unsatisfactory economic condition of the country, particularly pointing out that such act would furnish employment to numberless citizens who are now out of work; and

Whereas the suggestion made by Mr. Hearst is the first concrete plan offered by any outstanding American to relieve the unemployment problem and thus bring about a return of prosperity in all lines of industrial activity and improvement in agricultural conditions; and

Whereas the feasibility of the Hearst plan has been demonstrated by the \$6,000,000,000 oversubscription of last week's Government bond issue: Now, therefore, be it

*Resolved by the House of Representatives of the General Assembly of the State of Illinois (the Senate concurring herein)*, That the Legislature of Illinois does hereby indorse the suggestion and plan of William Randolph Hearst that Congress float a \$5,000,000,000 prosperity loan and enact the necessary legislation which will provide for the inauguration of a nation-wide building program of public works and internal improvements; be it further

*Resolved*, That properly attested copies of this resolution be transmitted to the President of the United States and to the officers of both Houses of the Congress of the United States.

Adopted by the house June 10, 1931.

DAVID E. SHANAHAN,  
Speaker of the House of Representatives.  
GEORGE C. BLAEUER,  
Clerk of the House of Representatives.

Concurred in by the senate June 11, 1931.

FRED E. STERLING,  
President of the Senate.  
JAMES H. PODOE,  
Secretary of the Senate.



Mr. CAREY presented the following joint resolution of the Legislature of Wyoming, which was referred to the Committee on Commerce:

THE STATE OF WYOMING,  
OFFICE OF THE SECRETARY OF STATE.

UNITED STATES OF AMERICA,  
State of Wyoming, ss:

I, A. M. Clark, secretary of state of the State of Wyoming, do hereby certify that the annexed is a full, true, and correct copy of original Senate Joint Resolution 1 as passed by the Twenty-first Legislature of the State of Wyoming, as approved March 3, 1931.

In testimony whereof I have hereunto set my hand and affixed the great seal of the State of Wyoming.

Done at Cheyenne, the capital, this 4th day of March, A. D. 1931.

[SEAL.]

A. M. CLARK,  
Secretary of State.  
By H. M. SYMOUR,  
Deputy.

Enrolled Joint Resolution 1, requesting the President of the United States to negotiate a treaty with Canada providing for the construction of the Great-Lakes St. Lawrence seaway

Whereas it appears that the construction of the shipway from the Great Lakes to the sea is imperative for the future development of a vast area in the interior of the continent and that it has been estimated that the capital cost of the waterway and that the economic importance of the improvement would be far greater than the savings made upon the actual tonnage transported, important though that would be; and

Whereas the growth of the State of Wyoming, the development of her agricultural and mineral resources, her present prosperity, and her future welfare all demand permanent relief from the existing high transportation costs to and from the markets of the world, and require that freedom to enter into world commerce now denied by reason of her distance from the ocean, a situation resulting in a combined rail-and-ocean transportation cost prohibitive to many of her potential industries, and oppressive to those industries that now exist; and

Whereas the St. Lawrence seaway would give to the State of Wyoming a sea base more than a thousand miles nearer to her eastern border than at present, and by such removal would permanently lower her rail-and-ocean cost of transportation to and from world markets, would increase the demand for her agricultural products, would stimulate the development of her mineral wealth, would invite new enterprise, and generally would assure to her citizens an enlarged and abiding prosperity: Be it

Resolved, That the State of Wyoming in legislature assembled does most earnestly urge upon the President of the United States the imperative national need of such seaway, and that it does further express to him the desire of this State that immediate steps be taken for the negotiation of a treaty with Canada to that end, and that certified copies of this resolution be forwarded to the Senators and Representatives in Congress from the State of Wyoming.

CHARLES B. MANN,  
Speaker of the House of Representatives.  
CLARENCE GARDNER,  
President of the Senate.

Approved at 3.30 p. m. March 3, 1931.

A. M. CLARK,  
Acting Governor.

Mr. CAREY also presented the following joint resolution of the Legislature of Wyoming, which was referred to the Committee on Banking and Currency:

THE STATE OF WYOMING,  
OFFICE OF THE SECRETARY OF STATE.

UNITED STATES OF AMERICA,  
State of Wyoming, ss:

I, A. M. Clark, secretary of state of the State of Wyoming, do hereby certify that the annexed is a full, true, and correct copy of original Senate Joint Memorial No. 3, as passed by the Twenty-first Legislature of the State of Wyoming, as approved March 3, 1931.

In testimony whereof I have hereunto set my hand and affixed the great seal of the State of Wyoming.

Done at Cheyenne, the capital, this 4th day of March, A. D. 1931.

[SEAL.]

A. M. CLARK,  
Secretary of State.  
By H. M. SYMOUR, Deputy.

Enrolled Joint Memorial No. 3, memorializing the Federal Farm Loan Board and the Federal Land Bank of Omaha to provide loans in reasonable amounts upon Wyoming farm lands and ranches

Whereas many owners of farm and ranch lands in Wyoming are in need of long-term loans, such as are provided for under the provisions of the Federal farm loan act, in order to finance their undertakings in a manner commensurate with their ability to pay; and

Whereas a reasonable program of financial assistance through Federal and State farm loans would afford a practical means of farm relief as now needed in support of agriculture; and

Whereas the Federal Farm Loan Board and the Federal Land Bank of Omaha were created by an act of Congress for the purpose of extending financial aid to agriculture; and

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Whereas there is at the present time ample opportunity to extend further reasonable financial aid to agriculture in Wyoming and there is available a large amount of attractive security for money loaned in this State; and

Whereas during the years of 1928 and 1929 the Federal Land Bank of Omaha made loans upon farm lands and ranches in the State of Wyoming in the sum of only \$264,000, which amount represents a material decrease from the amount of loans previously made in the said State; and

Whereas the said amount of loans made denotes a marked inactivity of the Federal Land Bank of Omaha as to loans in the State of Wyoming when compared to loans in the amount of \$1,780,550 as made by the State of Wyoming, acting by and through the Wyoming Farm Loan Board for the years of 1928 and 1929; and

Whereas it would therefore appear that the Federal Land Bank of Omaha is not doing its reasonable share in the loaning of money within the State of Wyoming for assistance in the advancement of the agricultural interests of said State: Now, therefore, be it

Resolved by the Senate of the Twenty-first Legislature of the State of Wyoming (the House of Representatives concurring), That the Federal Farm Loan Board and the Federal Land Bank of Omaha be earnestly requested to again provide loans in reasonable amounts upon Wyoming farm lands and ranches for the purpose of further extending this practical form of aid to agriculture in this State; be it further

Resolved, That copies of this memorial be promptly forwarded by his excellency, the Governor of Wyoming, to the Federal Farm Board at Washington, D. C., the Federal Land Bank of Omaha at Omaha, Nebr., United States Senator JOHN B. KENDRICK, United States Senator ROBERT D. CAREY, and Hon. VINCENT CARTER, Representative in Congress, with the request that they make special effort to effectuate the objects of this memorial.

CLARENCE GARDNER,  
President of the Senate.  
CHARLES B. MANN,  
Speaker of the House of Representatives.

Approved at 3.35 p. m. March 3, 1931.

A. M. CLARK, Acting Governor.

Mr. SHIPSTEAD presented a petition of sundry citizens of Ortonville, Minn., praying for the passage of legislation known as "the farmers' farm relief act," which was referred to the Committee on Agriculture and Forestry.

Mr. BARBOUR presented a paper from Judge Richard Hartshorne, chairman of the New Jersey World Court committee, transmitting numerous resolutions adopted by clubs, societies, and sundry other organizations in the State of New Jersey, favoring ratification of the World Court protocols, which were referred to the Committee on Foreign Relations.

#### THE PETROLEUM INDUSTRY

Mr. SHORTRIDGE. Mr. President, I offer and ask to have printed in the RECORD a letter in the nature of a petition addressed to me by Mr. Wirt Franklin, president of the Independent Petroleum Association. I respectfully invite the attention of Senators to this letter. It is a very good answer to a certain editorial appearing in one of the Washington newspapers this morning.

There being no objection, the letter was referred to the Committee on Finance and ordered to be printed in the RECORD, as follows:

TULSA, OKLA., December 11, 1931.

Senator SAMUEL M. SHORTRIDGE,  
Senate Office Building.

DEAR SENATOR: Exercising the right of petition, guaranteed by the Constitution, the Independent Petroleum Association of America requests your careful consideration of the needs of the petroleum industry in this country, and what they believe is an imperative necessity for either proper tariff protection of this industry or some adequate restriction upon the importation of cheap foreign oil now entering our ports to the practical destruction of this American business.

It is utterly impossible for American petroleum producers to compete with the cheap foreign oil now being admitted duty free. Aside from higher labor costs, the American petroleum industry carried tremendous burdens of taxation in the various States and has an overhead from which the foreign oil producers are free. Continuation of free importation of foreign oil must mean the ultimate disappearance of the American independent producer, refiner, and marketer. We trust you will carefully consider the need of appropriate legislation for the following reasons, which we have endeavored to make as concise as clarity will permit:

The production of petroleum is one of the basic industries of this Nation. It would employ under normal conditions 2,000,000 people. Upon it, directly or indirectly, 22,000,000 people depend for their livelihood. These 22,000,000 constitute the mass of population of one-third of the area of this Nation.

The prostration of the independent oil industry has not merely reduced these 22,000,000 people to penury but has utterly wiped



out the markets, worth many billions of dollars, normally provided by these millions for the industrial output of the manufacturing States. This has greatly increased the unemployment in those States.

The destruction of the purchasing power of the great oil States of the Nation has naturally reduced freight movements from manufacturing communities to these portions of the country, thus cutting railroad receipts, necessitating the lay-off of railroad workers, affecting dividends and stock values, and intensifying industrial unrest.

The farmers in the oil States have been receiving millions of dollars in lease bonuses and annual rental payments on actual or potential oil lands. This source of income has largely been cut off. It would be restored and greatly increased if the American producer could be assured of a fair field against his foreign rivals. In a number of the oil States two-thirds of the farmers should be receiving these annual payments. Proper protection for the oil industry would be one of the most effective methods of farm relief.

Our merchant marine would find almost immediate use for many ships now laid up which would be required for the coastwise transportation of the various products of petroleum. This would be a very practical cure for much of the unemployment of sailors and officers, since at least 14,000 officers and sailors, with an annual pay roll of \$4,000,000, would be required to man the vessels required.

All the oil-producing States impose very heavy production taxes upon the oil industry. These taxes have been the most important element in many State budgets. Because of the decrease in production through the elimination of home markets for American petroleum and its products, many of these States face embarrassing deficits and will probably be forced to make a redistribution of taxes, with higher levies, to the demoralization of the business life of those commonwealths.

The Federal tax receipts from income taxes and taxes paid by corporations have been affected by the destruction of the independent petroleum industry, although the amount thus lost to the Federal Treasury can not be accurately ascertained at present.

The independent petroleum producers have exercised an unparalleled self-restraint in limiting production. They have supported the organized activity of the various States to make such limitation official. In 1930 they shut in 109,000,000 barrels of oil at the very time that 105,000,000 barrels of imported and refined products were taking our home markets. They have done all within their power to stabilize the industry. They believe that equivalent burdens should be placed upon the foreign oil which is now in unfair competition with our product. Any reference to the governmental figures will show that the American production of petroleum is much less than our consumption. We are surrendering to foreign competitors and to foreign labor markets which should be our own.

We sincerely believe that the return of prosperity and the early employment of most of those who are at present out of employment depends upon the restoration of the independent oil industry more than it does upon any other single factor. In this we find outstanding economists and industrialists concur.

Since we made our former request fields with tremendous output, such as the east Texas field, have been discovered. The total amount of petroleum in sight to-day is so vast that the fears which lay at the base of the former conservation program are now known to be unfounded. Our oil reserves are practically inexhaustible. It is within the realm of possibility that before we have approached their exhaustion the oil age will have passed and some synthetic fuel or other means of releasing energy will have been discovered. It is important for our national development that we shall utilize these petroleum resources before they become obsolete.

The arguments we have here merely indicated we developed at full length in the hearings held by the Senate Committee on Commerce and by the Ways and Means Committee of the House at the closing session of the last Congress. Reference to the published hearings will give not only our arguments but the only objections which were offered by those who at that time opposed the proper protection of the independent oil industry. We will be very glad indeed to furnish additional information to any Member of Congress who may desire it. We feel assured, however, that the justice of our cause is apparent to all and only regret that the forecasts of industrial depression which we uttered as warnings when it was evident that our earlier requests for protection would be refused have turned out to be accurate prophecies.

We trust that Congress will speedily remedy the present situation.

Very respectfully yours,

INDEPENDENT PETROLEUM ASSOCIATION,  
WIRT FRANKLIN, President.

#### CLASSIFICATION, ETC., OF DATA SUBMITTED BY NATIONAL COMMISSION FOR LAW OBSERVANCE AND ENFORCEMENT

Mr. SHIPSTEAD, from the Committee on Printing, reported a resolution (S. Res 92), which was referred to the Committee to Audit and Control the Contingent Expenses of the Senate, as follows:

*Resolved*, That the Joint Committee on Printing be, and is hereby, authorized to expend not to exceed \$15,000, to be paid from the contingent fund of the Senate, for the classification, arranging, compiling, and indexing of the documentary evidence,

statistics, records, and other data submitted to the Senate by the National Commission for Law Observance and Enforcement in response to Senate Resolutions Nos. 423 and 463, and ordered printed as Senate Document No. 307, Seventy-first Congress, third session, under authority of Senate Resolution No. 474, reported to the Senate from the Committee on Printing on February 26, 1931, and agreed to; and for the employment of the necessary assistance in connection with the publication of all other matters authorized by the Senate during said session to be printed under the direction of the Joint Committee on Printing.

#### ADMISSION TO THE UNITED STATES OF FOREIGN PARTICIPANTS IN OLYMPIC GAMES

Mr. HATFIELD. From the Committee on Immigration I report back favorably without amendment the joint resolution (H. J. Res. 72) to permit the temporary entry into the United States, under certain conditions, of alien participants and officials of the Third Olympic Winter Games and of the games of the Tenth Olympiad to be held in the United States in 1932, and I ask unanimous consent for its present consideration.

There being no objection, the Senate proceeded to consider the joint resolution.

The joint resolution was ordered to a third reading, read the third time, and passed, as follows:

*Resolved, etc.*, That alien participants, officials, and other accredited members of delegations to the Third Olympic Winter Games and to the games of the Tenth Olympiad to be held in the United States in 1932, and members of the immediate families and servants of the foregoing, all the foregoing who are nonimmigrants, if otherwise admissible into the United States under the immigration laws, shall be exempted from the payment of the tax of \$8 prescribed by section 2 of the immigration act of 1917, and exempted from the fees prescribed under the law to be collected in connection with executing an application for a visa and visasing the passport or other travel document of an alien for the purpose of entering the United States as a nonimmigrant, and such aliens shall not be required to present official passports issued by the governments to which they owe allegiance: *Provided*, That such aliens shall be in possession of official Olympic games identity cards duly visased without charge by American consular officers abroad: *And provided further*, That such aliens shall comply with regulations not inconsistent with the foregoing provisions which shall be prescribed by the Secretary of Labor and the Secretary of State: *Provided, however*, That nothing herein shall relieve an alien from being required to obtain a gratis nonimmigrant visa if coming to the United States as a nonimmigrant, or an immigration visa if coming to the United States as an immigrant: *Be it further*

*Resolved*, That such aliens shall be permitted the free entry of their personal effects and their equipment to be used in connection with the games, under such regulations as may be prescribed by the Secretary of the Treasury.

Passed the House of Representatives December 10, 1931.

#### FUNERAL EXPENSES OF THE LATE SENATOR CARAWAY

Mr. TOWNSEND, from the Committee to Audit and Control the Contingent Expenses of the Senate, reported back favorably without amendment the resolution (S. Res. 7) submitted by Mr. ROBINSON of Arkansas on the 8th instant, which was read, considered by unanimous consent, and agreed to, as follows:

*Resolved*, That the Secretary of the Senate hereby is authorized and directed to pay from the contingent fund of the Senate the actual and necessary expenses incurred by the committee appointed by the Vice President in arranging for and attending the funeral of Hon. Thaddeus H. Caraway, late a Senator from the State of Arkansas, upon vouchers to be approved by the Committee to Audit and Control the Contingent Expenses of the Senate.

#### HEARINGS BEFORE THE COMMITTEE ON THE LIBRARY

Mr. TOWNSEND, from the Committee to Audit and Control the Contingent Expenses of the Senate, reported back favorably without amendment the resolution (S. Res. 25) submitted by Mr. FESS on the 9th instant, which was read, considered by unanimous consent, and agreed to, as follows:

*Resolved*, That the Committee on the Library, or any subcommittee thereof, is hereby authorized during the Seventy-second Congress to send for persons, books, and papers, to administer oaths, and to employ a stenographer, at a cost not exceeding 25 cents per 100 words, to report such hearings as may be had in connection with any subject which may be before said committee, the expense thereof to be paid out of the contingent fund of the Senate; and that the committee, or any subcommittee thereof, may sit during the sessions or recesses of the Senate.

#### HEARINGS BEFORE THE COMMITTEE ON CLAIMS

Mr. TOWNSEND, from the same committee, reported back without amendment Senate Resolution 29, submitted by Mr.



HOWELL on the 9th instant, and it was considered by unanimous consent and agreed to, as follows:

*Resolved*, That the Committee on Claims, or any subcommittee thereof, be, and hereby is, authorized during the Seventy-second Congress to send for persons, books, and papers, to administer oaths, and to employ a stenographer, at a cost not exceeding 25 cents per 100 words, to report such hearings as may be had in connection with any subject which may be before said committee, the expenses thereof to be paid out of the contingent fund of the Senate; and that the committee, or any subcommittee thereof, may sit during sessions or recesses of the Senate.

#### FUNERAL EXPENSES OF THE LATE SENATOR MORROW

Mr. TOWNSEND, from the same committee, reported back favorably without amendment the resolution (S. Res. 31) submitted by Mr. KEAN on the 9th instant, which was read, considered by unanimous consent, and agreed to, as follows:

*Resolved*, That the Secretary of the Senate hereby is authorized and directed to pay from the contingent fund of the Senate the actual and necessary expenses incurred by the committee appointed by the Vice President in arranging for and attending the funeral of Hon. DWIGHT W. MORROW, late a Senator from the State of New Jersey, upon vouchers to be approved by the Committee to Audit and Control the Contingent Expenses of the Senate.

#### MARY L. TOMLIN

Mr. TOWNSEND, from the same committee, reported back favorably without amendment the resolution (S. Res. 32) submitted by Mr. TRAMMELL on the 9th instant, which was read, considered by unanimous consent, and agreed to, as follows:

*Resolved*, That the Secretary of the Senate hereby is authorized and directed to pay from the appropriation for miscellaneous items, contingent fund of the Senate, fiscal year 1931, to Mary L. Tomlin, widow of Robert R. Tomlin, late clerk to Senator Park Trammell, a sum equal to six months' compensation at the rate he was receiving by law at the time of his death, said sum to be considered inclusive of funeral expenses and all other allowances.

#### HEARINGS BEFORE THE COMMITTEE ON MANUFACTURES

Mr. TOWNSEND, from the same committee, reported back favorably without amendment the resolution (S. Res. 33) submitted by Mr. LA FOLLETTE on the 9th instant, which was read, considered by unanimous consent, and agreed to, as follows:

*Resolved*, That the Committee on Manufactures, or any subcommittee thereof, be, and hereby is, authorized during the Seventy-second Congress to send for persons, books, and papers, to administer oaths, and to employ a stenographer, at a cost not exceeding 25 cents per 100 words, to report such hearings as may be had in connection with any subject which may be before said committee, the expenses thereof to be paid out of the contingent fund of the Senate; and that the committee, or any subcommittee thereof, may sit during the sessions or recesses of the Senate.

#### B. FLOYE GAVIN

Mr. TOWNSEND, from the same committee, reported back favorably without amendment the resolution (S. Res. 34) submitted by Mr. HAYDEN on the 9th instant, which was read, considered by unanimous consent, and agreed to, as follows:

*Resolved*, That the Secretary of the Senate hereby is authorized and directed to pay from the appropriation for miscellaneous items, contingent fund of the Senate, fiscal year 1931, to B. Floye Gavin, daughter of Christian A. Taylor, late additional clerk in the office of Senator CARL HAYDEN, a sum equal to six months' compensation at the rate he was receiving by law at the time of his death, said sum to be considered inclusive of funeral expenses and all other allowances.

#### KATHERINE C. M'GEE

Mr. TOWNSEND, from the same committee, reported back favorably without amendment the resolution (S. Res. 35) submitted by Mr. BRATTON on the 9th instant, which was read, considered by unanimous consent, and agreed to, as follows:

*Resolved*, That the Secretary of the Senate hereby is authorized and directed to pay from the appropriation for miscellaneous items, contingent fund of the Senate, fiscal year 1931, to Katherine C. McGee, mother of Ruth E. McGee, late an assistant clerk in the office of Senator SAM G. BRATTON, a sum equal to six months' compensation at the rate she was receiving by law at the time of her death, said sum to be considered inclusive of funeral expenses and all other allowances.

#### HEARINGS BEFORE THE APPROPRIATIONS COMMITTEE

Mr. TOWNSEND, from the same committee, reported back favorably without amendment the resolution (S. Res.

36) submitted by Mr. JONES on the 9th instant, which was read, considered by unanimous consent, and agreed to, as follows:

*Resolved*, That the Committee on Appropriations, or any subcommittee thereof, is authorized during the Seventy-second Congress to send for persons, books, and papers, to administer oaths, and to employ a stenographer, at a cost not exceeding 25 cents per 100 words, to report such hearings as may be had on any subject before said committee, the expense thereof to be paid out of the contingent fund of the Senate; and that the committee, or any subcommittee thereof, may sit during any session or recess of the Senate.

#### HEARINGS BEFORE THE COMMITTEE ON MILITARY AFFAIRS

Mr. TOWNSEND, from the same committee, reported back favorably without amendment the resolution (S. Res. 40) submitted by Mr. REED on the 9th instant, which was read, considered by unanimous consent, and agreed to, as follows:

*Resolved*, That the Committee on Military Affairs, or any subcommittee thereof, is authorized during the Seventy-second Congress to send for persons, books, and papers, to administer oaths, and employ a stenographer, at a cost not exceeding 25 cents per 100 words, to report such hearings as may be had on any subject before said committee, the expense thereof to be paid out of the contingent fund of the Senate; and that the committee, or any subcommittee thereof, may sit during the sessions or recesses of the Senate.

#### HEARINGS BEFORE THE COMMITTEE ON RULES

Mr. TOWNSEND, from the same committee, reported back favorably without amendment the resolution (S. Res. 56) submitted by Mr. MOSES on the 9th instant, which was read, considered by unanimous consent, and agreed to, as follows:

*Resolved*, That the Committee on Rules, or any subcommittee thereof, is authorized during the Seventy-second Congress to send for persons, books, and papers, to administer oaths, and to employ a stenographer, at a cost not exceeding 25 cents per 100 words, to report such hearings as may be had on any subject before said committee, the expense thereof to be paid out of the contingent fund of the Senate; and that the committee, or any subcommittee thereof, may sit during any session or recess of the Senate.

#### EMPLOYMENT OF PAGE FOR SENATE PRESS GALLERY

Mr. TOWNSEND, from the same committee, reported back favorably without amendment the resolution (S. Res. 62) submitted by Mr. WATSON on the 10th instant, which was read, considered by unanimous consent, and agreed to, as follows:

*Resolved*, That the Sergeant at Arms hereby is authorized and directed to employ a page for the Senate press gallery to be paid at the rate of \$120 per month from the contingent fund of the Senate until otherwise provided by law.

#### HEARINGS BEFORE THE JUDICIARY COMMITTEE

Mr. TOWNSEND, from the same committee, reported back favorably without amendment the resolution (S. Res. 64) submitted by Mr. NORRIS on the 10th instant, which was read, considered by unanimous consent, and agreed to, as follows:

*Resolved*, That the Committee on the Judiciary, or any subcommittee thereof, is authorized during the Seventy-second Congress to send for persons, books, and papers, to administer oaths, and to employ a stenographer, at a cost not exceeding 25 cents per 100 words, to report such hearings as may be had on any subject before said committee, the expense thereof to be paid out of the contingent fund of the Senate; and that the committee, or any subcommittee thereof, may sit during any session or recess of the Senate.

#### HEARINGS BEFORE THE AGRICULTURAL COMMITTEE

Mr. TOWNSEND, from the same committee, reported back favorably, without amendment, the resolution (S. Res. 65) submitted by Mr. McNARY on the 10th instant, which was read, considered by unanimous consent, and agreed to, as follows:

*Resolved*, That the Committee on Agriculture and Forestry, or any subcommittee thereof, is hereby authorized during the Seventy-second Congress to send for persons, books, and papers, to administer oaths, and employ a stenographer, at a cost not exceeding 25 cents per hundred words, to report such hearings as may be had on any subject before said committee, the expense thereof to be paid out of the contingent fund of the Senate; and that the committee, or any subcommittee thereof, may sit during any session or recess of the Senate.

#### HEARINGS BEFORE THE COMMITTEE ON BANKING AND CURRENCY

Mr. TOWNSEND, from the same committee reported back favorably, without amendment, the resolution (S. Res. 66)



submitted by Mr. NORBECK on the 10th instant, which was read, considered by unanimous consent, and agreed to, as follows:

*Resolved*, That the Committee on Banking and Currency, or any subcommittee thereof, be, and hereby is, authorized during the Seventy-second Congress to send for persons, books, and papers, to administer oaths, and to employ a stenographer, at a cost not exceeding 25 cents per 100 words, to report such hearings as may be had in connection with any subject which may be before said committee, the expenses thereof to be paid out of the contingent fund of the Senate; and that the committee, or any subcommittee thereof, may sit during the sessions or recesses of the Senate.

#### HEARINGS BEFORE THE NAVAL AFFAIRS COMMITTEE

Mr. TOWNSEND, from the same committee, reported back favorably, without amendment, the resolution (S. Res. 67) submitted by Mr. HALE on the 10th instant, which was read, considered by unanimous consent, and agreed to, as follows:

*Resolved*, That the Committee on Naval Affairs, or any subcommittee thereof, be, and hereby is, authorized during the Seventy-second Congress to send for persons, books, and papers, to administer oaths, and to employ a stenographer, at a cost not to exceed 25 cents per 100 words, to report such hearings as may be had in connection with any subject which may be before said committee, the expenses thereof to be paid out of the contingent fund of the Senate; and that the committee, or any subcommittee thereof, may sit during the sessions or recesses of the Senate.

#### HEARINGS BEFORE THE COMMERCE COMMITTEE

Mr. TOWNSEND, from the same committee, reported back favorably, without amendment, the resolution (S. Res. 68) submitted by Mr. JOHNSON on the 10th instant, which was read, considered by unanimous consent, and agreed to, as follows:

*Resolved*, That the Committee on Commerce, or any subcommittee thereof, is authorized during the Seventy-second Congress to send for persons, books, and papers, to administer oaths, and to employ a stenographer, at a cost not exceeding 25 cents per hundred words, to report such hearings as may be had in connection with any subject which may be before said committee, the expenses thereof to be paid out of the contingent fund of the Senate; and that the committee, or any subcommittee thereof, may sit during the sessions or recesses of the Senate.

Mr. SHORTRIDGE. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. SHORTRIDGE. I introduced a like resolution with respect to hearings before the Committee on Privileges and Elections. May I inquire whether it has been reported?

The VICE PRESIDENT. It is not among those reported.

#### BILLS AND JOINT RESOLUTIONS INTRODUCED

Bills and joint resolutions were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. THOMAS of Oklahoma:

A bill (S. 1839) to authorize the creation of Indian trust estates, and for other purposes; to the Committee on Indian Affairs.

A bill (S. 1840) for the relief of Elijah Spence; to the Committee on Military Affairs.

A bill (S. 1841) granting a pension to Lena Montgomery (with accompanying papers); and

A bill (S. 1842) granting a pension to Samuel Roy Turner; to the Committee on Pensions.

By Mr. COPELAND:

A bill (S. 1843) for the relief of Edward & John Burke (Ltd.); to the Committee on Claims.

By Mr. NORRIS:

A bill (S. 1844) granting an increase of pension to Nancy E. Dawson; to the Committee on Pensions.

A bill (S. 1845) to amend section 289 of the Criminal Code;

A bill (S. 1846) to amend section 35 of the Criminal Code of the United States; and

A bill (S. 1847) to reduce the number of court officials in the Territory of Alaska; to the Committee on the Judiciary.

By Mr. VANDENBERG:

A bill (S. 1848) granting a pension to Dorothy Crosby Allen; to the Committee on Pensions.

By Mr. CAPPER:

A bill (S. 1849) to purchase and erect in the city of Washington the group of statuary known as the Indian Buffalo Hunt; to the Committee on the Library.

A bill (S. 1850) granting an increase of pension to Virley A. McCasland (with accompanying papers); to the Committee on Pensions.

By Mr. WHITE:

A bill (S. 1851) granting a pension to Harriet E. Hatch; and

A bill (S. 1852) granting an increase of pension to John W. Fish; to the Committee on Pensions.

By Mr. TRAMMELL:

A bill (S. 1853) for the relief of the heirs of the late Lewis G. Norton; to the Committee on Public Lands and Surveys.

By Mr. BORAH:

A bill (S. 1854) granting a pension to Ann Wakeman; to the Committee on Pensions.

By Mr. REED:

A bill (S. 1855) to provide for the care and maintenance of the Guilford Courthouse National Military Park; to the Committee on Military Affairs.

By Mr. GLENN:

A bill (S. 1856) to provide for the relief of farmers in any State by the making of loans to drainage districts, levee districts, levee and drainage districts, irrigation and/or similar districts other than Federal reclamation projects, or to counties, boards of supervisors, and/or other political subdivisions and legal entities, and for other purposes; to the Committee on Agriculture and Forestry.

By Mr. NORBECK:

A bill (S. 1857) to amend the act of April 25, 1922, as amended, entitled "An act authorizing extensions of time for the payment of purchase money due under certain homestead entries and Government-land purchases within the former Cheyenne River and Standing Rock Indian Reservations, N. Dak. and S. Dak.;" to the Committee on Agriculture and Forestry.

By Mr. DICKINSON:

A bill (S. 1858) for the relief of Harriette Olsen; to the Committee on Claims.

By Mr. HALE:

A bill (S. 1859) for the relief of Clarence Leroy Witham; to the Committee on Naval Affairs.

By Mr. SHEPPARD:

A bill (S. 1860) for the relief of Leonard Theodore Boice; to the Committee on Military Affairs.

By Mr. FESS:

A bill (S. 1861) authorizing the George Washington Bicentennial Commission to print and distribute additional sets of the writings of George Washington; to the Committee on the Library.

By Mr. McNARY:

A bill (S. 1862) to provide for the protection of forests from losses caused by insects; and

A bill (S. 1863) to authorize and direct the transfer of Widows Island, Me., by the Secretary of the Navy to the Secretary of Agriculture for administration as a migratory-bird refuge; to the Committee on Agriculture and Forestry.

By Mr. DILL:

A bill (S. 1864) to amend the law relative to citizenship and naturalization, and for other purposes; to the Committee on Immigration.

A bill (S. 1865) to prohibit appointment of Members of Congress to offices of the Federal Government for a period of two years after the expiration of their term of service in Congress; to the Committee on the Judiciary.

A bill (S. 1866) relating to suits for infringement of patents where the patentee is violating the antitrust laws; to the Committee on Patents.

A bill (S. 1867) authorizing the appointment and retirement as a brigadier general, United States Army, of W. R. Abercrombie; and

A bill (S. 1868) for the relief of Joseph E. Goddard; to the Committee on Military Affairs.



A bill (S. 1869) granting a pension to Albert J. Thomas; to the Committee on Pensions.

By Mr. HARRIS:

A bill (S. 1870) authorizing the appointment of Roy L. Cecil as a major, Ordnance Department, United States Army; to the Committee on Military Affairs.

A bill (S. 1871) granting an increase of pension to Patrick C. Wilkes; to the Committee on Pensions.

A bill (S. 1872) for the relief of T. C. Napier; and

A bill (S. 1873) for the relief of Arthur Bussey; to the Committee on Claims.

By Mr. THOMAS of Idaho:

A bill (S. 1874) to amend section 23 of the Federal farm loan act; to the Committee on Banking and Currency.

A bill (S. 1875) to extend the provisions of the act approved March 20, 1922 (42 Stat. 465), to certain additional lands in the State of Idaho; to add certain public lands to the Coeur d'Alene and St. Joe National Forests, and for other purposes; to the Committee on Agriculture and Forestry.

By Mr. WATSON:

A bill (S. 1876) for the relief of Edward Ellis; to the Committee on Claims.

By Mr. WHEELER:

A bill (S. 1877) for the relief of Francis N. Dominick; to the Committee on Military Affairs.

By Mr. SHORTRIDGE:

A bill (S. 1878) granting a pension to Charles F. Jermyn; to the Committee on Pensions.

A bill (S. 1879) granting compensation to Willard Henry Amlaw;

A bill (S. 1880) granting compensation to A. L. Anderson;

A bill (S. 1881) authorizing the payment of war-risk insurance to Laura E. De Armoun;

A bill (S. 1882) for the relief of Paul Little;

A bill (S. 1883) for the relief of Stephen Sawyer;

A bill (S. 1884) granting disability allowance to Dan V. Smith;

A bill (S. 1885) granting compensation to John Spiropoulos; and

A bill (S. 1886) granting an increase of compensation to Addie Weeks; to the Committee on Finance.

A bill (S. 1887) for the relief of Sprague B. Wyman;

A bill (S. 1888) to correct the military record of Joseph N. Williams;

A bill (S. 1889) for the relief of Charles A. Wegner;

A bill (S. 1890) for the relief of Hamilton Stone Wallace;

A bill (S. 1891) to amend the military record of John F. Walker;

A bill (S. 1892) for the relief of John L. Waldron;

A bill (S. 1893) for the relief of John M. Twomey;

A bill (S. 1894) for the relief of D. W. Thickstun;

A bill (S. 1895) for the relief of John Elliot Taylor;

A bill (S. 1896) to establish a military record for Daniel P. Tafe;

A bill (S. 1897) for the relief of Florence Sullivan;

A bill (S. 1898) for the relief of Eugene Sullivan;

A bill (S. 1899) for the relief of Dennis H. Sullivan;

A bill (S. 1900) providing for the appointment of Roderick R. Strong as a warrant officer, United States Army;

A bill (S. 1901) for the relief of Walter Perry Story;

A bill (S. 1902) for the relief of Roy Snyder;

A bill (S. 1903) for the relief of John Shannon;

A bill (S. 1904) authorizing the appointment of John Rowland as a warrant officer, United States Army;

A bill (S. 1905) for the relief of Thomas M. Ross;

A bill (S. 1906) for the relief of Brig. Gen. Harry Rethers, United States Army;

A bill (S. 1907) for the relief of Walter E. Price;

A bill (S. 1908) for the relief of Michael Power;

A bill (S. 1909) to authorize the President to appoint Le Roy K. Pemberton a first lieutenant, Officers' Reserve Corps, United States Army;

A bill (S. 1910) for the relief of Walter W. Newcomer;

A bill (S. 1911) for the relief of the next of kin of Herbert Myers;

A bill (S. 1912) for the relief of Bernard G. Molsberger;

A bill (S. 1913) to authorize the appointment of Staff Sergt. Stephen Miller, retired, United States Army, to master sergeant, retired, United States Army;

A bill (S. 1914) for the relief of Richard C. Miller;

A bill (S. 1915) for the relief of Harry F. Miller;

A bill (S. 1916) for the relief of Thomas F. McVeigh;

A bill (S. 1917) to authorize the presentation to Charles H. Mann of a distinguished-service medal;

A bill (S. 1918) for the relief of Genevieve W. Magagnos;

A bill (S. 1919) for the relief of Eustace J. Lancaster;

A bill (S. 1920) for the relief of Frank Knighthart;

A bill (S. 1921) for the relief of Raymond Kleinberger;

A bill (S. 1922) for the relief of James R. Kiernan;

A bill (S. 1923) for the relief of Harry J. Kennedy;

A bill (S. 1924) for the relief of William Kelley;

A bill (S. 1925) for the relief of Samuel Kaufman;

A bill (S. 1926) for the relief of Napoleon Johnson;

A bill (S. 1927) providing for the appointment of Julia Johnston as a warrant officer, Quartermaster Corps, United States Army;

A bill (S. 1928) for the relief of Harry Breeze Johnson;

A bill (S. 1929) for the relief of John Irwin;

A bill (S. 1930) for the relief of Jerry M. Humphrey;

A bill (S. 1931) to correct the military record of John W. Howard;

A bill (S. 1932) for the relief of Charlie Hoover;

A bill (S. 1933) for the relief of Harry E. Hale;

A bill (S. 1934) for the relief of Joseph Gottlieb;

A bill (S. 1935) to correct the military record of Herbert Horrell;

A bill (S. 1936) for the relief of Eddie Gordon;

A bill (S. 1937) for the relief of John W. Fisher;

A bill (S. 1938) for the relief of Phillip Fay;

A bill (S. 1939) for the relief of Theodore Ernst;

A bill (S. 1940) for the relief of Edward Hewitt;

A bill (S. 1941) for the relief of Fred Helm;

A bill (S. 1942) for the relief of Ira L. Duncan;

A bill (S. 1943) for the relief of Thomas H. Duggan;

A bill (S. 1944) for the relief of George A. Dobbs;

A bill (S. 1945) for the relief of Charles P. Dinger;

A bill (S. 1946) for the relief of Charles B. De Crevecoeur;

A bill (S. 1947) for the relief of George Deck;

A bill (S. 1948) for the relief of Joseph L. Davis;

A bill (S. 1949) for the relief of H. K. Cowes;

A bill (S. 1950) for the relief of James Covington;

A bill (S. 1951) for the relief of Howard P. Cornick;

A bill (S. 1952) to correct the military record of James William Cole;

A bill (S. 1953) to authorize the appointment of Capt. M. M. Cloud, retired, to the grade of major, retired, in the United States Army;

A bill (S. 1954) for the relief of George H. Clayberger;

A bill (S. 1955) for the relief of Frank Christ;

A bill (S. 1956) for the relief of Frank W. Campbell;

A bill (S. 1957) authorizing the Secretary of War to award a congressional medal of honor to Henry M. Brinkerhoff;

A bill (S. 1958) for the relief of Robert E. Blair;

A bill (S. 1959) for the relief of Edwin Black;

A bill (S. 1960) for the relief of Philip Bender;

A bill (S. 1961) for the relief of Nels D. Anderson; and

A bill (S. 1962) for the relief of Charles Amiss; to the Committee on Military Affairs.

By Mr. DILL:

A joint resolution (S. J. Res. 52) proposing an amendment to the Constitution of the United States relative to election and qualification of judges; and

A joint resolution (S. J. Res. 53) proposing an amendment to the Constitution of the United States authorizing Congress to take private property for public use during time of war with or without compensation; to the Committee on the Judiciary.



By Mr. FRAZIER:

A joint resolution (S. J. Res. 54) creating a commission to study proposals for a national system of express motor ways, and for other purposes; to the Committee on Post Offices and Post Roads.

#### REGULATION OF CARRIERS BY WATER

Mr. JOHNSON. I introduce a bill heretofore prepared by the Shipping Board. I have not had the opportunity or time carefully to go through it, but I introduce it for reference to the Commerce Committee, with two letters that accompany it, and ask that they be printed in the RECORD.

There being no objection, the letters were ordered to be printed in the RECORD, as follows:

UNITED STATES SHIPPING BOARD,  
Washington, December 12, 1931.

HON. HIRAM W. JOHNSON,  
Chairman Committee on Commerce,  
United States Senate, Washington, D. C.

SIR: The United States Shipping Board in its fifteenth annual report to the Congress under the heading "Recommendations" submitted the following:

"Legislation should be enacted to provide for additional regulatory authority over common carriers by water. Particularly is such legislation needed as respects jurisdiction over minimum rates and as respects restriction of operation of common-carrier services by industries or by industrially owned or controlled organizations."

The Shipping Board on December 11, 1931, adopted the inclosed entitled "Shipping Act, 1932," as a tentative draft of proposed legislation in accord with the terms of the foregoing recommendation and directed its committee on legislation and ocean mail contracts to present the same to the Congress.

In accord with the vote of the Shipping Board, I have the honor to herewith submit a copy of said "Shipping Act, 1932," for such consideration as your committee, in its good judgment, sees fit to accord the same.

For your information I beg to advise that a copy of said "Shipping Act, 1932," will be submitted to the Committee on the Merchant Marine and Fisheries of the House as soon as its personnel is announced.

Respectfully,

COMMITTEE ON LEGISLATION AND OCEAN MAIL CONTRACTS,  
By E. C. PLUMMER, Chairman.

UNITED STATES SHIPPING BOARD,  
Washington, December 11, 1931.

Memorandum for committee on legislation and ocean mail contracts: Commissioner Plummer, Commissioner O'Connor, Commissioner Cone

The Shipping Board, at a meeting on December 11, 1931, considered your memorandum dated December 11, 1931, and draft of proposed legislation submitted therewith, copies of which are attached hereto, relative to shipping act, 1932, and directed the committee on legislation and ocean mail contracts to present the matter to the Congress as a tentative draft of proposed legislation in accord with the terms of the recommendation to the Congress made on page 10 of the fifteenth annual report of the United States Shipping Board.

The proper officers of the Shipping Board and/or Merchant Fleet Corporation were authorized and directed to take any and all actions necessary and proper to carry the action of the board as above set forth fully into effect.

SAMUEL GOODACRE, Secretary.

The bill (S. 1963) entitled "Shipping Act, 1932," amending the shipping act, 1916, as amended, for the purpose of further regulating carriers by water engaged in interstate and foreign commerce of the United States, and for other purposes, was read twice by its title, and, with the accompanying papers, referred to the Committee on Commerce, as follows:

#### S. 1963

Amending the shipping act, 1916, as amended, for the purpose of further regulating carriers by water engaged in interstate and foreign commerce of the United States, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled:

SECTION 1. That section 1 of the shipping act, 1916, as amended, is amended to read as follows:

"SEC. 1. When used in this act the term 'common carrier by water in foreign commerce' means a common carrier, except ferryboats running on regular routes, engaged in the transportation by water of passengers or property between the United States or any of its Districts, Territories, or possessions, and a foreign country.

"The term 'common carrier by water in interstate commerce,' as used in this act, means a common carrier, except ferryboats running on regular routes, engaged in the transportation by water of passengers or property between one State, Territory, District, or possession of the United States and any other State, Territory,

District, or possession of the United States, or between places in the same Territory, District, or possession; and an intrastate common carrier by water participating in any such transportation under any through-route arrangement with any common carrier by water in interstate commerce as here defined shall, except as otherwise provided in this act, be deemed a common carrier by water in interstate commerce.

"The term 'possession,' as used in this act shall include the Philippine Islands and the Canal Zone: *Provided, however,* That nothing contained herein shall affect the authority of the Government of the Philippine Islands vested by the second proviso of section 21 of the merchant marine act, 1920, as amended.

"The term 'common carrier by water,' as used in this act, means a common carrier by water in foreign commerce or a common carrier by water in interstate commerce as above defined.

"The term 'other person subject to this act' means any person carrying on the business of forwarding or furnishing wharfage, dock, warehouse, or other terminal facilities in connection with a common carrier by water.

"The term 'person' as used in this act includes any individual, partnership, firm, corporation, company, or association, or any mercantile, agricultural, or manufacturing society, or other organization, or any body politic or municipal organization.

"The term 'vessel' includes any water craft or other artificial contrivance of whatever description and at whatever stage of construction, whether on the stocks or launched, which is used or is capable of being or is intended to be used as a means of transportation on water.

"The term 'documented under the laws of the United States' means registered, enrolled, or licensed under the laws of the United States."

SEC. 2. That the shipping act, 1916, as amended, is amended by the addition after section 1 of two new sections, as follows:

"SEC. 1A. From and after one year from date of enactment of the shipping act, 1932, it shall be unlawful for any common carrier by water in interstate commerce to transport any article or commodity manufactured, mined, or produced by, or under authority of, or owned in whole or in part by, such carrier, or by any person, directly or indirectly, controlling, managing, or operating such carrier, or in which such carrier or person may have any interest, direct or indirect: *Provided, however,* That nothing contained in this section shall apply to such articles or commodities as may be necessary and intended for the use of such carrier in the conduct of its business as a common carrier. Any common carrier by water in interstate commerce transporting any article or commodity contrary to the provisions of this section shall be punished by a fine of not less than \$5,000 nor more than \$10,000 for each offense, to be recovered by the United States in a civil action.

"SEC. 1B. Within 60 days after date of enactment of the shipping act, 1932, every common carrier by water in interstate commerce shall file with the board in full and complete detail and under oath statement of all transportation services engaged in by it, directly or indirectly; such statement to specifically show the ports between which such services are operated, the corporate name, or if not a corporation the name and the owner or owners of the carrier operating each particular service and the trade name or names, if any, used in connection therewith, the number of ships operated, the frequency of sailings to and from each port served, and with definiteness the character of the transportation service engaged in, such as whether of general cargo without restriction, of a limited class of freight, of refrigerator cargo, or of passengers.

"From and after date of enactment of the shipping act, 1932, no person shall inaugurate any service as a common carrier by water in interstate commerce unless and until there shall first have been applied for and obtained from the board a certificate that such service by such common carrier by water in interstate commerce is in the public interest justified. From and after such date of enactment no common carrier by water in interstate commerce shall, except by reason of force majeure, increase the number of ports served by it, the number of ships operated by it, the frequency of sailings, nor substitute one port for another, nor change the character of its service, nor shall any such carrier effect a change in its corporate or other identity or trade name or names, unless and until upon application by the carrier the board has issued a certificate that the public interest will not be adversely affected by such increase, substitution, or change. From and after such date of enactment no common carrier by water in interstate commerce shall, except by reason of force majeure, abandon its common-carrier service, nor decrease the number of ports served by it, the frequency of sailings, or the number of ships operated by it, except after 30 days' notice to the board of such abandonment or decrease: *Provided, however,* That upon application to the board setting forth exceptional circumstances and good cause the board may by permit authorize such abandonment or decrease upon shorter notice than here specified. From and after such date of enactment it shall be unlawful for any common carrier by water in interstate commerce to operate otherwise than in accordance with statement, certificates, notices, and permits filed or issued as provided for by this section, or to fail to operate in accordance therewith.

"All applications for issuance of certificates or permits as in this section provided shall be under oath, and all such applications and all notices filed as in this section provided shall comply with such rules and regulations as the board may prescribe.

"The board shall have power, after hearing, to issue certificates as provided for by this section, to deny issuance thereof in appro-



appropriate instances, or to attach to certificates issued such terms and conditions as in its judgment the public interest may warrant, and to which terms and conditions the applicant shall have consented. In all instances where a certificate is denied, or is issued with terms and conditions attached, there shall at the time be duly entered by the board of public record statement of its opinion as to how the public interest would be adversely affected should the certificate as applied for be issued.

"The statements of information, applications filed, copies of certificates and permits issued, and notices of abandonment or decrease provided for by this section shall be kept on file and of record in the offices of the board at Washington, D. C., and shall be open to public inspection.

"Any violation of any provision of this section shall be punished by a fine of not less than \$1,000 nor more than \$5,000 for each act of violation and/or for each day such violation continues, to be recovered by the United States in a civil action.

"For the purposes of this section no intrastate common carrier by water participating in transportation with a common carrier by water in interstate commerce shall be deemed a common carrier by water in interstate commerce."

Sec. 3. That the shipping act, 1916, as amended, is amended by the addition after section 16 of a new section, as follows:

"Sec. 16A. Any person or any officer, agent, or employee thereof who shall deliver property for transportation to any common carrier subject to the provisions of this act, or for whom, as consignor or consignee, any such carrier shall transport property, and who shall knowingly and willfully, directly or indirectly, by false billing or any other device or means, whether with or without the consent or connivance of the carrier, its officer, agent, or employee, obtain transportation for such property at less than the regular rates and/or charges then in force by such common carrier; or who shall knowingly and willfully, directly or indirectly, by false representation or other device or means, obtain any allowance, refund, or payment in connection with or growing out of the transportation of such property, whether with or without the consent or connivance of the carrier, whereby the compensation of such carrier shall be less than or different from the regular rates and/or charges in force by such common carrier at the time of such transportation, shall be deemed guilty of a misdemeanor and shall, upon conviction thereof in any court of the United States of competent jurisdiction, be subject for each offense to a fine of not less than \$1,000 nor more than \$5,000."

Sec. 4. That section 17 of the shipping act, 1916, as amended, is amended to read as follows:

"Sec. 17. No common carrier by water in foreign commerce, or other person subject to this act, shall demand, charge, collect, observe, or enforce any rate, fare, charge, classification, rule, regulation, or practice which is unjust or unreasonable; nor any rate, charge, classification, rule, regulation, or practice which is unjustly prejudicial to exporters of the United States as compared with their foreign competitors.

"Whenever the board finds any rate, fare, or charge, or any rates, fares, or charges, or any classification, rule, regulation, or practice, demanded, charged, collected, observed, or enforced by any such carrier or such other person to be unjust or unreasonable or unjustly prejudicial in violation of this section it may determine and by order prescribe the maximum rate, fare, or charge, or the maximum rates, fares, or charges, or the classification, rule, regulation, or practice, to be observed by such carrier or by such other person, or by order require removal of such unjust prejudice in such manner as in its judgment appears warranted."

Sec. 5. That section 18 of the shipping act, 1916, as amended, is amended to read as follows:

"Sec. 18. Every common carrier by water in interstate commerce and every other person subject to this act shall observe and enforce just and reasonable rates, fares, charges, classifications, rules, regulations, and practices.

"Every common carrier by water in interstate commerce shall file with the board and keep open to public inspection schedules showing all the rates, fares, and charges for or in connection with transportation between points on its own route; and, if a through route has been established, all the rates, fares, and charges for or in connection with transportation between points on its own route and points on the route of any other such carrier. The schedules filed and kept open to public inspection as aforesaid by any such carrier shall plainly show the places between which passengers and/or freight will be carried, and shall contain the classification of freight and of passenger accommodations in force, and shall also state separately each terminal or other charge, privilege, or facility granted or allowed, and any rules or regulations which in any wise change, affect, or determine any part or the aggregate of such aforesaid rates, fares, or charges, or the value of the service rendered to the passenger, consignor, or consignee. Such schedules shall be plainly printed, and copies shall be kept posted in a public and conspicuous place at every wharf, dock, and office of such carrier where passengers or freight are received for transportation, in such manner that they shall be readily accessible to the public and can be conveniently inspected.

"No change shall be made in the rates, fares or charges, or classifications, rules or regulations, which have been filed and posted as required by this section, except by the publication, filing, and posting as aforesaid of a new schedule or schedules, which shall become effective not earlier than 10 days after date of posting and filing thereof with the board, and such schedule or

schedules shall plainly show the changes proposed to be made in the schedule or schedules then in force and the time when the rates, fares, charges, classifications, rules, or regulations as changed are to become effective: *Provided*, That the board may, in its discretion and for good cause, allow changes upon less than the period of 10 days herein specified.

"The names of the several carriers which are parties to any joint schedule shall be specified therein; and each of the parties thereto, other than the one filing the same, shall file with the board such evidence of concurrence therein or acceptance thereof as may be required by the board, and where such evidence of concurrence or acceptance is filed it shall not be necessary for the carriers filing the same to also file copies of the schedules in which they are named as parties.

"From and after 90 days following enactment of the shipping act, 1932, no person shall engage in transportation as a common carrier by water in interstate commerce unless and until its schedules as provided by this section have been duly and properly filed and posted; nor shall any common carrier by water in interstate commerce charge or demand or collect or receive a greater or less or different compensation for the transportation of passengers or property or for any service in connection therewith than the rates, fares, and charges which are specified in its schedules filed with the board and duly posted and in effect at the time; nor shall any such carrier refund or remit in any manner or by any device any portion of the rates, fares, or charges so specified, nor extend or deny to any person any privilege or facility, except in accordance with such schedules.

"The board shall by regulations prescribe the form and manner in which the schedules required by this section shall be published, filed, and posted; and the board is authorized to reject any schedule filed with it which is not in consonance with this section and with such regulations. Any schedule so rejected by the board shall be void and its use shall be unlawful.

"Whenever the board finds any rate, fare, or charge, or rates, fares, or charges, or any classification, rule, regulation, or practice, demanded, charged, collected, observed, or enforced by any common carrier by water in interstate commerce or by any other person subject to this act to be unjust or unreasonable, it may determine and by order prescribe the maximum rate, fare, or charge, or the maximum rates, fares, or charges, or the classification, rule, regulation, or practice, to be observed by such carrier or other person."

Sec. 6. That section 19 of the shipping act, 1916, as amended, is amended to read as follows:

"Sec. 19. Upon sworn petition by any common carrier by water alleging the charging of any unduly low rate, fare, or charge, or unduly low rates, fares, or charges, by any other such carrier with which the petitioner is in competition, the board may investigate and, after hearing, determine and by order prescribe such minimum rate, fare, or charge, or minimum rates, fares, or charges, to be observed by such other carrier, and/or such minimum rate, fare, or charge, or minimum rates, fares, or charges to be observed by the petitioning carrier as in the board's judgment the competitive situation between such carriers and existing circumstances may warrant. Upon its own motion and with the same powers the board may investigate any competitive situation between common carriers by water in which from information before it there appears to be involved the charging of unduly low rates, fares, or charges."

Sec. 7. That section 21 of the shipping act, 1916, as amended, is amended to read as follows:

"Sec. 21. That the board, in aid of the administration of this act, and without statement of reason other than that such action is deemed to be in the public interest, may require any common carrier by water, or other person subject to this act, or any officer, receiver, trustee, lessee, agent, or employee thereof, to file with it any periodical or special report, or any account, record, rate, fare, or charge, or any memorandum of any facts and transactions appertaining to the business of such carrier or other person subject to this act. Such report, account, record, rate, fare, charge, or memorandum shall be under oath whenever the board so requires, and shall be furnished in the form and within the time prescribed by the board. Whoever fails to file any report, account, record, rate, fare, charge, or memorandum as required by this section shall forfeit to the United States the sum of \$100 for each day of such default.

"Whoever willfully falsifies, destroys, mutilates, or alters any such report, account, record, rate, fare, charge, or memorandum, or willfully files a false report, account, record, rate, fare, charge, or memorandum shall be guilty of a misdemeanor and subject upon conviction to a fine of not more than \$1,000 or imprisonment for not more than one year, or to both such fine and imprisonment."

Sec. 8. That section 22 of the shipping act, 1916, as amended, is amended to read as follows:

"Sec. 22. Any person may file with the board a sworn complaint alleging a violation of this act by a common carrier by water, or other person subject to this act, and asking reparation for the injury, if any, caused thereby. The board shall furnish a copy of the complaint to such carrier, or such other person, who shall within a reasonable time specified by the board satisfy the complaint or answer it in writing. If the complaint is not satisfied, the board shall investigate it in such manner and by such means, and make such order, except as otherwise provided in this act, as it deems proper. The board, if the complaint is filed within two years after the cause of action accrued, may order the payment,



on or before a day named, of full reparation to the complainant for the injury, if any, caused by such violation.

"The board, upon its own motion and with the same powers, except as to orders for the payment of money, may investigate any situation as to which, in the opinion of the board, a violation of this act may exist."

SEC. 9. That section 23 of the shipping act, 1916, as amended, is amended to read as follows:

"SEC. 23. Orders of the board relating to any violation of this act shall be made only after full hearing and upon a sworn complaint or in proceedings instituted by the board upon its own motion.

"All orders of the board other than for the payment of money made under this act shall continue in force until the board's further order, or for a specified period of time, according as shall be prescribed in the order unless the same shall be suspended, modified, or set aside by the board, or be suspended or set aside by any court of competent jurisdiction.

"Whoever knowingly fails or neglects to obey any order lawfully made by the board under authority of this act shall forfeit to the United States the sum of \$5,000 for each offense. Every distinct violation shall be a separate offense, and in case of a continuing violation each day shall be deemed a separate offense. Such forfeiture shall be payable into the Treasury of the United States, and shall be recoverable in a civil suit in the name of the United States, brought in any district where the carrier or other person, subject to this act against which the order is made, or its agent, maintains an office. It shall be the duty of the various district attorneys, under the direction of the Attorney General of the United States, to prosecute for the recovery of such forfeitures. The costs and expenses of such prosecution shall be paid out of the appropriation for the expenses of the courts of the United States."

SEC. 10. That section 24 of the shipping act, 1916, as amended, is amended to read as follows:

"SEC. 24. That the board shall enter of record a written report of every investigation conducted in pursuance of section 19 or section 22 of this act, stating its conclusions, decision, and order, and, if reparation is awarded, the findings of fact on which the award is made, and shall furnish a copy of such report to all parties to the investigation.

"The board shall publish such reports in the form best adapted for public information and use, and such authorized publications shall, without further proof or authentication, be competent evidence of such reports in all courts of the United States and of the States, Territories, districts, and possessions thereof."

SEC. 11. That section 27 of the shipping act, 1916, as amended, is amended to read as follows:

"SEC. 27. For the purpose of conducting investigations as provided for by this act the board may by subpoena compel the attendance of witnesses and the production of books, papers, documents, and other evidence from any place in the United States, or any Territory, District, or possession thereof, at any designated place of hearing. Subpoenas may be signed by any commissioner and oaths or affirmations may be administered, witnesses examined, and evidence received by any commissioner or examiner, or, under the direction of the board, by any person authorized under the laws of the United States or of any State, Territory, District, or possession thereof to administer oaths. Persons so acting under the direction of the board and witnesses shall, unless employees of the board, be entitled to the same fees and mileage as in the courts of the United States. In case of disobedience of any subpoena lawfully issued under authority of this section, the board, or any party to the proceeding concerned, may invoke the aid of any court of the United States in requiring obedience thereto."

SEC. 12. That section 28 of the shipping act, 1916, as amended, is amended to read as follows:

"SEC. 28. That no person shall be excused on the ground that it may tend to incriminate him or subject him to a penalty or forfeiture from attending and testifying, or producing books, papers, documents, and other evidence, in obedience to the subpoena of the board or of any court in any investigation or proceeding under or resulting from any provision of this act; but no natural person shall be prosecuted or subjected to any penalty or forfeiture for or on account of any transaction, matter, or thing as to which, in obedience to a subpoena and under oath, he may so testify or produce evidence, except that no person shall be exempt from prosecution and punishment for perjury committed in so testifying."

SEC. 13. This act may be cited as "Shipping Act, 1932."

#### REGULATION OF COTTON SUPPLY IN INTERSTATE AND FOREIGN COMMERCE

Mr. BANKHEAD. Mr. President, yesterday I introduced a bill (S. 1698) proposing a plan with reference to the supply of cotton in interstate and foreign commerce, and it was referred to the Committee on Agriculture and Forestry. I have here a statement I made last summer, which was published in certain Alabama newspapers, explaining the provisions of the bill. I ask unanimous consent to incorporate it in the RECORD, together with the bill.

The VICE PRESIDENT. Is there objection? The Chair hears none, and it is so ordered.

The statement and bill are as follows:

**BANKHEAD PLAN PUTS COTTON CUT UP TO FARMERS—SENATOR ELECT WOULD LET PLANTERS VOTE AND THEN MAKE DECISION BINDING—PRESENT LAW USED—PRODUCTION AGREED UPON WOULD BE LIMITED BY INTERSTATE COMMERCE ACT**

By Senator JOHN H. BANKHEAD

Overproduction of cotton is now recognized as one of the great problems confronting the southern people.

The mere announcement of a crop one and a half million bales more than was expected reduced the price to a level that made the crop of 15,500,000 bales worth \$100,000,000 less than a 14,000,000-bale crop would have brought.

Acreage planted to cotton during the last six years has averaged approximately 10,000,000 acres more than the average for the preceding six years. The average yield is a bale to three acres. A surplus of more than 9,000,000 bales had accumulated prior to this year's crop.

Can overproduction be regulated so as to avoid, over a period of years, undue depression of prices and at the same time not unduly decrease consumption?

All economic discussion of the effect and prevention of a surplus has centered around the above question.

As it is conceded that an excess surplus is a constant factor of large proportions in depressing commodity prices, why not go direct to the root of the trouble and control the supply in a way that is consistent with economic principles and established laws of trade?

#### PUTTING IT UP TO THE FARMER

I propose a plan based upon the law of supply and demand. It puts the farmers in position collectively to regulate the marketing of their crops. It does not undertake any price-fixing. It is not a burden upon the taxpayers. It enables the farmers to limit the supply of certain staple commodities to the reasonable requirements of consumption.

The plan does not directly limit production. I know of no way under the Constitution for Congress to do that. The operation of the plan will, however, tend to reduce production when it is decided the supply should be reduced.

Can a way be found for all the farmers to reach an agreement on the quantity they will sell? I propose reaching an agreement by taking a vote of the farmers.

Can the agreement, when reached, be enforced? I propose using the commerce clause of the Constitution of the United States to regulate and limit sales in interstate and foreign commerce in accordance with the agreement and policy adopted by the farmers.

#### THE PLAN

Without attempting to state the administrative details, but merely presenting the general outline and speaking in terms of cotton, the plan is as follows. The same plan would apply to wheat and probably to corn:

Use an average of production for the preceding five years as a beginning point. That average in cotton is 15,000,000 bales.

Arrange for a vote by the farmers, each owner of land used for production of the commodity to have one vote. The object of the vote is to ascertain whether a majority favor limiting the quantity that may be transported in interstate and foreign commerce during the crop year.

The vote should be taken through the mail at Government expense and under the supervision of suitable agencies. This could easily be done by sending a supply of ballots to postmasters and rural carriers throughout the area involved, with no postage required.

On the ballot should be presented the question: "Do you favor a regulation of the supply of cotton for the next crop year?"

On the same ballot should be provided a method of voting for the quantity to be transported in interstate and foreign commerce. That could be done by putting on the ballot the number of bales of cotton to constitute the supply, or by using percentages of reduction with the previous 5-year average as a basis.

If a majority vote for regulating the supply, but do not agree upon the quantity, an average of all the votes could be accepted as the will of the majority.

#### HOW ALABAMA WOULD FARE

Assuming that a 20 per cent reduction is voted for cotton, that would provide 12,000,000 bales which could be allocated to the States engaged in cotton production upon the previous 5-year average. For illustrations, let us suppose that out of the 5-year average total production Alabama has produced a 5-year average of 1,250,000 bales. A 20 per cent reduction would entitle Alabama to supply 1,000,000 bales.

Within Alabama its total could be apportioned to each county on a 5-year average production for that county, making a total of 1,000,000 bales for the State.

In each county a local board could apportion to the landowners on a 5-year average production for the various farms in cotton production, adjusting the total to fit the quantity to which the county is entitled. The 5-year average is suggested to take care of the varying weather conditions in different sections of the cotton area in different years.

When the apportionment to the various farms has once been made a basis for subsequent years will be fixed. Thereafter the local boards will have little to do except to make adjustments to fit the size of the crop voted for the succeeding year and to make adjustments for new land coming into and old land going out of cotton production.



A vote should be taken each year so as to adjust the size of the crop to current conditions and prospects and to abandon the plan if it did not prove satisfactory.

If a 20 per cent reduction should be voted, the farmer who has been producing 10 bales would have the right to sell eight bales for transportation in interstate and foreign commerce. If he produces more than eight bales he could carry the excess over until he had a short crop, or sell it to some one who did not produce his limit. If weather conditions reduce his production any year below his allotted amount, his license would be good in subsequent years until his licensed amount for all years had been supplied. If he can produce 24 bales in two years he would have his supply for three years. He can then devote the third year to other crops and also have his share of cotton for sale the third year.

#### WOULD YIELD MORE MONEY

This plan would adjust supply to demand and thereby stabilize and increase the price. It would save labor and cost and also acreage for other purposes and provide time and fields for diversified farming and for raising hogs and hominy at home. An annual crop of 12,000,000 bales would yield much more money than an annual crop of 15,000,000 bales.

Under the plan proposed each farmer would get a license permitting a fixed number of pounds of cotton, or its manufactured products, to go into foreign or interstate commerce. Practically all cotton or its manufactured product goes out of the State where the cotton is grown. It would be made unlawful to transport cotton in interstate or foreign commerce without a license.

The cotton buyer would require the shipping license from the grower. Local cotton mills would require the shipping license to support the right to ship the manufactured products. Interstate carriers could not haul the cotton or the mill products without the supporting license. The net result would be that without the shipping license cotton would not be salable in interstate and foreign commerce, and thus the agreement voted by the farmers would be enforced. The voluntary agreement would then have the force and effect of a Federal statute by making the agreement in practical operation the law of the land.

#### WOULD REASSURE FARMER

The farmers realize the disastrous results of too much cotton. A farmer who favors reduction does not reduce because he has no satisfactory assurance that a pro rata reduction by all others will be generally and uniformly made.

Here is a plan to make effective any limitation of supply that may be agreed upon by the producers.

About two-fifths of the world's consumption of cotton is produced outside of the United States. If too high a price is charged for American cotton, production abroad will be stimulated and substitutes like rayon will increase in use; but that fact should not cause the American producers to break the world prices by dumping huge surpluses on the market.

The laws of trade, national and international, will adjust the matter of prices after the farmer is put in position to get for his product all that the trade will reasonably stand by employing good business methods in marketing the crops. The farmer can avoid destroying a fair market by stopping his present destructive dumping of cotton on glutted markets. An increase in prices to a compensating level will not be materially reflected in the retail prices of cotton cloth.

Can such an agreement for limitation of sales be made effective and legally enforceable?

#### THE PLAN'S LEGAL ASPECTS

Under the power to regulate foreign and interstate commerce Congress can require a license to engage in such commerce. There seems no good reason why it can not under a licensing system limit the quantity of a particular commodity that may be transported in interstate or foreign commerce. The radio decisions are the nearest license case in point. Congress has required broadcasting stations to obtain a license to operate. That is done under the interstate commerce clause.

The license fixes the quantity of power the stations may use, and limits the frequency and hours for broadcasting. Congress has passed laws restricting, regulating, and prohibiting many uses of interstate commerce, and nearly all of these laws have been sustained by the courts. I can find no decision of the Supreme Court holding that Congress can not exercise the power I am proposing, for limiting under a license system the flow in interstate and foreign commerce of any commodity.

Why should an excessive surplus be offered on the market at the expense of buying it out of the market by the farmers or taxpayers if an excessive surplus can be kept out of the channels of trade and commerce?

The essence of the plan is the uniting of all the producers of a staple farm commodity into a cooperative to regulate the supply by the simple process of taking a vote of the producers to secure their decision on the quantity of the supply, and then to make their decision effective by exercising the power granted Congress to regulate commerce with foreign nations and among the several States.

To meet possible changes in economic conditions or changes in world consumption which may develop after the vote has been taken, flexible power could be given to the President, acting on the recommendation of the Secretaries of Agriculture and Commerce, to increase the quantity to be supplied.

If the price of cotton can be stabilized and increased so that our cotton farmers can realize a fair return on their investment, and a fair compensation for their work each year, and if the

farmers will produce diversified crops on the acreage released from cotton under this plan and will turn their attention to improving the staple of their cotton, the South will again become the garden spot of America.

#### S. 1698

A bill providing for regulation of the transportation of cotton in interstate and foreign commerce, and for other purposes

*Be it enacted, etc.,* That the Secretary of Agriculture is authorized and directed to provide for taking a vote, during the crop year 1932 and subsequent crop years, of the owners of lands used for the production of cotton during the calendar year preceding that in which such vote is taken, for the purpose of determining whether or not such owners favor the regulation by Congress of the transportation of cotton in interstate and foreign commerce and the amount of cotton which, in the opinion of such owners, should be so transported during the calendar year next succeeding that in which such vote is taken. Such vote shall be taken by mail by means of ballots prepared under the supervision of the Secretary of Agriculture and made available for distribution in such manner as he shall prescribe. Each such owner shall be entitled to one vote. Such vote shall be taken during the week beginning on the first Monday in November of each year except that for the crop year 1932 the President is authorized by proclamation to fix the period within which such vote shall be taken. Upon the issuance of such proclamation notice thereof shall be posted in a conspicuous place in the post offices of each State in which any such lands are located.

SEC. 2. The ballots shall be mailed without requirement of postage to agents to be designated by the Secretary of Agriculture for the counties, parishes, or other similar political subdivisions in which such lands are located. No ballot contained in an envelope bearing a postmark later than the last day of the period within which any such vote is to be taken shall be counted in making up the returns. Within five days after the taking of any such vote all ballots submitted as herein provided shall be counted publicly by such agents and immediately thereafter the results of the vote shall be certified to the Secretary of Agriculture, who shall make a report thereon to the President. Such report shall show the number of votes cast in favor of and in opposition to such regulation by Congress and the average number of pounds of cotton which, in the opinion of the persons voting, should be transported in interstate and foreign commerce during the next succeeding calendar year. Such average number of pounds shall be determined by (1) taking the total number of pounds specified by such voters and adding thereto, for each voter who voted against such regulation and who failed to specify any amount in his ballot, an amount equal to the average number of pounds produced in all the States during the five calendar years preceding that in which the vote was taken, and (2) dividing the same by the total number of ballots cast less the number of ballots in which the voters who voted in favor of such regulation failed to specify the amount which, in their opinion, should be so transported in interstate and foreign commerce. In the event that a majority of the persons voting are in favor of such regulation by Congress, the Secretary of Agriculture shall also include in his report to the President a statement showing the average number of pounds of cotton produced in each State and in each county, parish, or other similar political subdivision thereof during the five calendar years preceding that in which such vote is taken. Upon the receipt of any such report the President is authorized by proclamation to make public the result of the vote and, if the report shows that a majority of the persons voting are in favor of such regulation by Congress, the proclamation shall also specify (1) the total amount of cotton to be transported in interstate or foreign commerce during the calendar year next succeeding that in which such vote was taken, which shall be equal to the average number of pounds determined pursuant to the vote as herein provided; and (2) the part of such total amount to be so transported from each State during such year, which shall be determined by the ratio of the average number of pounds produced in such State during the five calendar years preceding that in which the vote was taken to the average number of pounds produced in all the States during the same period. Upon the issuance of any such proclamation it shall be unlawful during such calendar year to transport any cotton or any manufactured or processed article containing 90 per cent or more of cotton in interstate or foreign commerce except as provided in section 3 of this act. Each such proclamation shall be issued on or before the 1st day of December of the year in which such vote is taken except that the first such proclamation shall be issued within 15 days after the taking of such vote.

SEC. 3. (a) The Secretary of Agriculture is authorized (1) without regard to the civil service laws to appoint a local board, to be composed of three members for each county, parish, or other similar political subdivision in each such State, for the purpose of issuing licenses to transport cotton in interstate and foreign commerce during the calendar year specified in any such presidential proclamation; and (2) without regard to the classification act of 1923 to fix the compensation of the members of each such board. Any person entitled to vote under this act may secure such a license upon filing an application therefor with the board under such regulations as the Secretary of Agriculture shall prescribe, accompanied by a statement under oath showing the approximate amount of cotton produced on the lands of the applicant in such county, parish, or other similar political subdivision during the five calendar years preceding that in which



such vote was taken. The license shall specify the amount of cotton to be so transported, and such amount shall be determined by the ratio of the average amount of cotton produced on such lands of the applicant during such 5-year period (or part thereof during which cotton was so produced) to the average amount produced during such 5-year period in the State in which such lands are located. Such licenses may be transferred or assigned in whole or in part, and shall be issued with detachable coupons, or in such other form to be prescribed by the Secretary of Agriculture as will facilitate such transfer or assignment. Each such license shall be effective from the 1st day of January of the year next succeeding that in which such vote was taken and shall remain in effect until surrendered and canceled as hereinafter provided. The amount of cotton for which licenses may be issued during any one calendar year by any such local board shall be determined by the Secretary of Agriculture by the ratio of the total amount of cotton produced in the county, parish, or other similar political subdivision in which such board is located during the five calendar years preceding that in which such vote was taken to the total amount of cotton produced in the State during the same period.

(b) During any calendar year for which such licenses are required no cotton, nor any manufactured or processed article containing 90 per cent or more of cotton, shall be transported in interstate or foreign commerce from any State until it is stamped or labeled for purposes of identification, nor until there shall have been surrendered to an agent to be designated by the Secretary of Agriculture for such purpose licenses or parts thereof issued under this section sufficient to cover the amount of cotton and/or the manufactured or processed articles containing 90 per cent or more of cotton to be so transported. For the purposes of this provision the Secretary of Agriculture shall prescribe a uniform method to be followed by such agents (1) for determining the number of pounds of cotton contained in any such manufactured or processed articles and (2) for the stamping or labeling of such cotton and manufactured or processed articles. The licenses or parts thereof so surrendered shall thereupon be canceled under rules and regulations to be established by the Secretary of Agriculture. The provisions of this paragraph shall not apply to articles containing 90 per cent or more of cotton which are manufactured or processed in a State other than that in which the cotton in such articles is produced.

(c) If the President is of opinion, upon the joint recommendation of the Secretary of Agriculture and the Secretary of Commerce, that conditions warrant an increase of the amount of cotton to be so transported under license, he may by proclamation specify the additional amount to be transported from each State. Upon the issuance of any such proclamation the Secretary of Agriculture shall immediately notify the local boards in each State of the additional amount of cotton, determined as hereinbefore provided, for which they may issue licenses.

(d) For the purposes of this section, each such local board is authorized, by one or more of its members, to prosecute such inquiries and to require the production, by subpoena or otherwise, of such books, papers, and other documents as may be necessary to carry out the functions vested in it by this act.

SEC. 4. (a) The Secretary of Agriculture is authorized (1), in accordance with the civil service laws, to appoint and, in accordance with the classification act of 1923, to fix the compensation of such additional officers, experts, examiners, clerks, and employees, and (2) to make such expenditures (including expenditures for personal services and rent at the seat of government and elsewhere, and for law books, books of reference, and periodicals) as are necessary for executing the functions vested in him by this act. As far as practicable, the agents to be designated under sections 2 and 3, and the members of the local boards provided for in section 3, shall be persons employed in the field services of the Department of Agriculture.

(b) The Secretary of Agriculture is further authorized to make such rules and regulations as may be necessary to carry out the provisions of this act, including regulations for the surrender and cancellation of licenses and for the stamping or labeling of cotton, and manufactured and processed articles containing 90 per cent or more of cotton, transported in interstate or foreign commerce pursuant to this act.

(c) The Postmaster General is authorized and directed to cooperate with the Secretary of Agriculture to the fullest extent possible the distribution of ballots to persons entitled to vote under this act.

SEC. 5. Any person who makes, or causes to be made, any false, misleading, or deceptive statement for the purpose of obtaining a license required by this act, or who willfully alters, or attempts to alter, the terms or conditions of any such license, or who, without being so authorized, attaches or removes, or causes to be attached or removed, any stamp or label required under this act or under regulations of the Secretary of Agriculture, or who transports or attempts to transport any cotton in interstate or foreign commerce in violation of this act shall, upon conviction thereof, be fined not more than \$1,000 or imprisoned not more than one year, or both.

SEC. 6. As used in this act, the term "person" includes an individual, partnership, association, or corporation.

SEC. 7. There is hereby authorized to be appropriated such sums as may be necessary to carry out the provisions of this act.

#### CONSERVATION OF WILD LIFE

Mr. McKELLAR submitted an amendment intended to be proposed by him to the bill (S. 263) to insure adequate supplies of wild life, plant and animal, including forests, fish, and game, for the people of the United States; to secure the correlation and most economical conduct of wild-life research and restocking and the elimination of duplication of effort and expense between the several departments of the Federal Government having to do with the same; to promote the development and extension of experimental stations for breeding; to promote studies of diseases and other factors limiting the natural supply, and for other purposes, which was ordered to lie on the table and to be printed.

#### FINANCE COMMITTEE INVESTIGATIONS

Mr. SMOOT. Mr. President, I offer a Senate resolution and ask that it be referred.

Mr. WALSH of Montana. May the resolution be read?

The VICE PRESIDENT. Without objection, the clerk will read, as requested.

The Chief Clerk read the resolution (S. Res. 89), as follows:

*Resolved*, That the Committee on Finance, or any subcommittee thereof, hereby is authorized to sit during the sessions or recesses of the Seventy-second Congress at such times and places as they may deem advisable; to make investigations into internal revenue, customs, currency, and coinage matters, and other matters within its jurisdiction, and to compile and prepare statistics and documents relating thereto as directed from time to time by the Senate and as may be necessary; and to report from time to time to the Senate the result thereof; to send for persons, books, and papers, to administer oaths, and to employ such expert, stenographic, clerical, and other assistance as may be necessary; and all of the expenses of such committee shall be paid from the contingent fund of the Senate; and the committee is authorized to order such printing and binding as may be necessary for its use.

The VICE PRESIDENT. The resolution will be referred to the Committee to Audit and Control the Contingent Expenses of the Senate.

#### RADIO-KEITH-ORPHEUM PROPOSED RECEIVERSHIP

Mr. DILL. Mr. President, the other day I submitted Senate Resolution 58, authorizing an investigation of the refinancing of Radio-Keith-Orpheum Corporation. It now lies on the table. I am informed that it should go to the Committee to Audit and Control the Contingent Expenses of the Senate. I desire to modify the resolution by adding a paragraph at the end thereof covering the expenses of the investigation. I ask that the resolution, as modified, be referred to the committee.

There being no objection, the resolution, as modified, was referred to the Committee to Audit and Control the Contingent Expenses of the Senate, as follows:

Whereas Radio Corporation of America has a substantial stock interest in Radio-Keith-Orpheum Corporation; and

Whereas Radio-Keith-Orpheum Corporation has publicly declared it has been unable through any bank or banks to secure necessary financial assistance; and

Whereas a proposed plan for refinancing Radio-Keith-Orpheum Corporation requires subscription by each stockholder to a pro rata of \$11,600,000 debentures of said corporation and by failure so to do such stockholder is deprived of three-fourths of his shares of stock and the same is turned over to Radio Corporation of America as a bonus for purchasing such stockholder's unsubscribed debentures; and

Whereas such plan unfairly affects the interests of over 25,000 stockholders of 10 or more shares of Radio-Keith-Orpheum Corporation stock, and gives Radio Corporation of America other special privileges and shares of stock; and

Whereas the stockholders have been threatened by the president of Radio-Keith-Orpheum Corporation with a receivership of said corporation unless the plan is carried out and that a receivership would probably result in the loss of the entire investment of stockholders: Therefore be it

*Resolved*, That the Committee on Banking and Currency, or any subcommittee thereof, as authorized by Senate Resolution No. 71, of the Seventy-first Congress, agreed to May 5, 1930, is hereby authorized and directed to fully investigate the refinancing of Radio-Keith-Orpheum Corporation, and particularly the ownership, sale, and transfer and price on the New York Stock Exchange of the stock of said corporation during the calendar year 1931, and the committee, or any subcommittee thereof, is authorized and empowered to exercise for the purposes of this resolution all the powers and authority contained in said Senate Resolution No. 71.



The expenses of this investigation, which shall not exceed the sum of \$5,000, shall be paid out of the contingent fund of the Senate upon vouchers approved by the chairman of said committee, or any subcommittee thereof.

AGNES O'CONNOR MOORE

Mr. LA FOLLETTE submitted the following resolution (S. Res. 90), which was referred to the Committee to Audit and Control the Contingent Expenses of the Senate:

*Resolved*, That the Secretary of the Senate hereby is authorized and directed to pay from the appropriation for miscellaneous items, contingent fund of the Senate, fiscal year 1931, to Agnes O'Connor Moore, widow of Peter H. Moore, late a messenger of the Senate under the supervision of the Sergeant at Arms, a sum equal to six months' compensation at the rate he was receiving by law at the time of his death, said sum to be considered inclusive of funeral expenses and all other allowances.

#### HEARINGS BEFORE THE COMMITTEE ON TERRITORIES AND INSULAR AFFAIRS

Mr. BINGHAM submitted the following resolution (S. Res. 91), which was referred to the Committee to Audit and Control the Contingent Expenses of the Senate:

*Resolved*, That the Committee on Territories and Insular Affairs, or any subcommittee thereof, be, and hereby is, authorized during the Seventy-second Congress to send for persons, books, and papers, to administer oaths, and to employ a stenographer, at a cost not exceeding 25 cents per 100 words, to report such hearings as may be had in connection with any subject which may be before said committee, the expenses thereof to be paid out of the contingent fund of the Senate; and that the committee, or any subcommittee thereof, may sit during the sessions or recesses of the Senate.

#### SHORT SELLING ON STOCK EXCHANGES

Mr. CAPPER submitted the following resolution (S. Res. 93), which was referred to the Committee on Banking and Currency:

Whereas a high percentage of the commerce among the several States and with foreign nations is carried on by corporations whose stocks, bonds, and/or other securities are listed and/or dealt in upon stock exchanges, such as the New York Stock Exchange, which are voluntary associations governed only by regulations made by their members, whose profits come chiefly from commissions on sales and purchases on such stock exchanges; and

Whereas the market value of the stocks, bonds, and/or other securities so listed and/or dealt in has an important, close, and direct relation to and effect upon the whole business of this country, and use is made of the Postal Service and of the various instrumentalities of commerce among the several States and with foreign nations in the purchase and sale of such stocks, bonds, and/or other securities on such stock exchanges and in the circulation of information with respect thereto; and

Whereas in the fall of 1929 a tremendous break in the market value of such stocks, bonds, and other securities inaugurated a widespread depression in this country, which has since continued and which has caused, and is causing, immense demoralization, stagnation, unemployment, loss, and suffering in all kinds of commerce and among people in every walk of life; and

Whereas according to accredited statistics, notwithstanding the previous declines in security values during the period already covered by the depression, there occurred (a) in the months of March, April, and May, 1931, a progressive decrease which aggregated \$14,520,780,805 in the market value of the common and preferred stocks listed on the New York Stock Exchange alone, and (b) in the single month of September, 1931, there occurred a decrease of \$12,259,988,669 in the market value of the common and preferred stocks and of \$4,207,526,124 in the market value of the bonds listed on the New York Stock Exchange alone, and during said month of September total failures were the highest and bank failures the second highest for all time, and the foundations of our financial structure seemed threatened; and

Whereas according to a public address made by Mr. Richard Whitney, president of the New York Stock Exchange, the short sales of the stocks listed on that exchange reached a peak of 5,589,700 shares on May 25, 1931, and again reached a peak of 4,480,000 shares on September 11, 1931; and

Whereas it is charged, and there is reason to believe, that the unnecessary short selling of securities on the various stock exchanges has contributed to the prolongation and intensification of the depression, in which view such important organizations as the Chamber of Commerce of the United States and the American Bankers Association, through their appropriate committees, have expressed concurrence; and

Whereas in view of the foregoing facts it is essential that there should be a full investigation of all matters pertaining to the short selling of securities on the various stock exchanges, followed by the adoption of such regulatory measures as may be found to be warranted: Therefore be it

*Resolved*, That the Committee on Banking and Currency of the Senate, or any duly authorized subcommittee thereof, is hereby authorized and directed to investigate and ascertain fully and in

detail (1) the short selling of stocks, bonds, and/or other securities which has occurred on the various stock exchanges, or by or through the members or stockholders thereof and the brokers and traders thereon, during the years 1929, 1930, and 1931; (2) the borrowing and lending of stocks, bonds, and/or other securities that has taken place for that purpose; (3) what persons, firms, associations, or corporations have participated in such short selling, borrowing, and/or lending, and in what securities and what amounts, either alone or in conjunction with others; (4) the practices, rules, regulations, and course of conduct of such exchanges, members, brokers, and traders with respect to such short selling, borrowing, and lending; and (5) the causes and methods of such short selling, borrowing, and lending, and the effect of such short selling on security values, on commodity values, and on the various businesses of the country. The committee shall report to the Senate as soon as practicable the results of such investigation and shall include in its report such recommendations for remedial legislation as it deems to be necessary from the facts ascertained by such investigation.

The Secretary of the Treasury, the Comptroller of the Currency, the Federal Reserve Board, and the Federal Trade Commission are hereby requested to place at the service of the committee, or any duly authorized subcommittee thereof, such data and records, and to procure from time to time such information within their control, and to detail such assistants in connection with such investigation as the committee or subcommittee may from time to time request.

As used in this resolution (1) the term "stock exchange" means any place, board, or market, however created, organized, or conducted, where stocks, bonds, and/or other securities of corporations are bought and sold or offered for purchase and sale by owners or customers in person, or by or through stockholders or members of any such place, board, or market or brokers or traders acting on their behalf, and (2) the term "short selling" means any sale of a share of stock, bond, and/or other security in consummation of which there is delivered by or on behalf of the seller any stock, bond, and/or security not bona fide owned by such seller at the time of making such sale.

For the purposes of this resolution, the committee, or any duly authorized subcommittee thereof, is authorized to hold such public hearings, to sit and act at such times and places during the sessions and recesses of the Seventy-second and succeeding Congresses, to employ such experts and accountants, and clerical, stenographic, and other assistants, to require by subpoena or otherwise the attendance of such witnesses and the production of such books, papers, and documents, to administer such oaths, and to take such testimony and to make such expenditures as it deems advisable. The cost of stenographic services to report such hearings shall not be in excess of 25 cents per 100 words. The expenses of the committee, which shall not exceed \$——, shall be paid from the contingent fund of the Senate upon vouchers approved by the chairman of the committee.

#### IMPORTATION OF MECHANICALLY GROUND WOOD PULP, ETC.

Mr. McNARY submitted a resolution (S. Res. 95), which was ordered to lie on the table, as follows:

*Resolved*, That the United States Tariff Commission is directed to make a thorough investigation of the effect of the depreciation in value of foreign currencies upon the importation into the United States of mechanically ground wood pulp, chemical wood pulp, unbleached or bleached, and pulpwoods, and to report to the Senate as soon as practicable the results of such investigation.

#### ADDRESS BY GOVERNOR WOODRING, OF KANSAS

Mr. MCGILL. Mr. President, I request unanimous consent to have printed in the RECORD an address delivered by Gov. Harry H. Woodring, of Kansas, before the National Women's Democratic Club in Washington, D. C., on December 11, 1931.

The VICE PRESIDENT. Without objection, it is so ordered.

The address is as follows:

The well-settled conviction of most easterners that the political beliefs of westerners are radical has as little foundation as the Kansas reputation for cyclones. True it is that in the nineties the Populist Party rose to supremacy in the West upon a platform so radical as to horrify the reactionary East. These men, evidently the "wild jackasses" of whom we have heard, advocated such ridiculous things as a direct primary, the income tax, the election of United States Senators by direct vote of the people, woman's suffrage, and reform of the monetary system. Then the wild-eyed radicals of 1910 and 1912, the political sons of the wild jackasses of the nineties, wrote these theories into the laws of our country under the leadership of a college professor who had a sound knowledge of the history of government and a genius for its practical administration. These radicals, under his guidance, marshaled the progressive and enlightened political thought of the world behind the banner of Woodrow Wilson.

To-day, as one of the political grandsons of these "wild jackasses," I will attempt to transmit to you the political and economic beliefs of the most truly conservative section of this country. We are progressive but not radical, and are therefore conservative without being reactionary. The westerner is an individualist.



Our forefathers who settled our western country would have scorned to ask the Government for aid or even advice in the operation of their business affairs; they had confidence that they, as individuals, could wrest prosperity from an unpromising land and deal on equal terms with their neighbors and with the world. True, there are western leaders who have achieved national prominence, who advocate panaceas involving governmental interference in private business; but it is a peculiarity of the West that the people have not taken seriously the effect of the administration of the national Government upon their individual prosperity, and men are elected to office because of their personality and personal integrity rather than because of their political convictions. It seems to be the rule rather than the exception, that the two Senators from many of the Western States are opposed in their political convictions and theories.

Since arriving in Washington a few days ago I have heard on many a lip: "What of the West?" In my opinion upon the correct answer to the question, "What of the West?" depends the success of the Democratic Party in the next campaign, and upon the success of the Democratic Party under sane leadership, upon a sound platform, depend the prosperity and well-being of our country.

It would be fatal for the Democratic Party in the next campaign to appeal for western votes by advocating panaceas involving further governmental interference in private business, with a promise of artificial prosperity created by legislative act. The platform upon which the party will ride to success in the next election in the West must be constructed upon a basis, politically and economically sound.

Those who have read the history of this and of other nations realize that we are passing through that period of depression which inevitably follows an unbalanced prosperity. We also know that just as inevitably will our great Nation resume its irresistible onward surge toward a more enlightened, more prosperous civilization; but the untaught and unthinking see nothing beyond the temporary retreat, seeing before us a hopeless economic condition and would turn back from all progress, abandon every position won, and discard the greatest economic organization ever created by the intelligence, thrift, and industry of men. While calling attention to the failure of the present administration and its leadership we must not be prophets of gloom and desolation but do our part at this time in emphasizing the soundness of the principles upon which our western civilization is founded and the imperative need of continued faith in their ultimate merit.

What are these principles? We may differ in their definition but not in our recognition of the main objective to be attained. What we all seek, among other things, is prosperity and the leisure to develop our culture that comes with prosperity. The answer is that we have prosperity. It is elementary that wealth does not consist of money, which can not be eaten or worn and has no value except as a medium of exchange. Wealth consists of usable goods, the product of nature and the labor and intelligence of man. Since man first tilled the soil or tended his cattle, we have sought to increase the production of wealth. We have praised the man who made two blades of grass grow where but one grew before, or who increased the pounds of beef per acre of grass. We have spent millions in developing new areas from which wealth could be produced. We have acclaimed the inventive genius who, through modern machinery, multiplied the productiveness of the individual. We have mastered the machine, the flood, and the desert to increase the production of wealth. We have been successful. We have produced and now have wealth beyond the wildest dreams of our fathers. Our granaries are bursting. Our warehouses overflow with wealth. We have developed mass production in both industry and agriculture. With this wealth we can defy the specter of want and famine that once stalked periodically in our midst.

Our leaders proclaimed that finally man had mastered his environment, and in 1928 the Republican leaders assured us that we were entering upon a period of permanent prosperity, provided, of course, that these leaders were reelected to office. Yet to-day there is want and privation in our country. Large numbers of able-bodied men, eager and willing to work, can not earn the bare necessities of life for their families. We have a panic of plenty, and the existence of the situation is a tremendous indictment of our economic and governmental organization. Must we confess the indictment and discard our system? Of course, we will do so if we can find something better; but we should pause before we discard our traditional system for one new and untried. Before we advocate discarding it let us learn something about it and we will be convinced that the indictment can not stand. We will find that our ills are caused by our failure to remain true to our own principles.

First, ours is a popular form of government, a democratic organization of society that has as its fundamental theory the principle of government by and with the consent of the governed. No individual is long permitted to usurp dictatorial powers or to encroach upon the rights of the collective citizenry of the Nation.

Second, in our economic organization we are intensely individualistic. Our tremendous industrial organization, our modern development of an industrial civilization is a monument to the genius and intelligence of the individual American. Such co-operative effort as we have exerted has been by the voluntary association of individuals working for their own advancement and own interest and not by coercion of the Government.

The economic and governmental organization are not inconsistent in theory. Our Nation is completely individualistic. The

collective control of the Government is the organized expression of the wishes of the individual American. The fate of governments in city, State, and Nation is subject to the wishes and desires of a majority of the individual voters.

Our Government has pursued its sometimes bungling course throughout the rise and fall of kings, emperors, dictators, and other governmental organizations in other lands. The uneven but continuous rise in the prosperity and well-being of our country, with its minimum of the horrors of revolution, has entrenched in the minds of every thinking American a belief in the present organization of our Government which approaches a form of religion. This firm belief can not be uprooted by fallacious arguments and theories advanced by the radical champions of unsound political ideas, who are continually urging us to throw overboard our traditional theories and enter upon some new Utopia.

Many of these new ideas may seem plausible. The man of the street who does not have time for research into political philosophy and can not refute the arguments advanced nevertheless refuses to abandon his faith in his constitutional Government. This faith is based upon the collective experience of his race as taught at his mother's knee and confirmed in the schools until it will and does withstand and disregard argument and persuasion.

The merit of our economic organization is not so firmly established in the minds of the people. From the inception of our Government there have been constant assaults upon the theory of free individual economic action. Governmental control of business and governmental operation of business enterprises have been advocated and are now advocated by men of influence who occupy high places in our Government. It might be, and in fact often is, argued that if the people collectively are competent to run the Government, they are competent to control the vast industrial enterprises which serve our Nation. This theory is based upon a lack of comprehension of the fundamental differences in the governmental and economic functions.

The Government is and should be a fixed and known quantity. The chief merit of any form of government is permanency. The advantage of our form of government is that the heads of the Government may change but the form is permanent, while the death of a dictator may overnight entirely change the form of his government. Generally speaking, changes in our fundamental governmental organization are unnecessary as government is static in its nature. It is most permanent when controlled by the collective action of the individuals of the Nation.

On the other hand, our economic organization presents an entirely different situation. Economic forces generated over world-wide areas and, influenced by caprice of nature and the inventive genius of man, are in a state of constant movement. It is not possible for anyone to predict the action of these forces. Under our present system the individual capitalizes and exploits the resources of nature and the developments of modern science and invention. The deposits of coal, oil, and other raw materials are exploited and result in the wealth of individuals. Modern inventions may bring an individual or individuals wealth far beyond a reasonable compensation for their services to society. On the other hand, many individuals labor hard and intelligently in other fields but suffer privation and want. It is this system which is attacked by those who would have the Government appropriate all natural wealth and inventive genius and distribute the benefits among the people. Our individualistic system is attacked as wasteful. In the Russian communists' primer, which has circulated somewhat in our country, some very disturbing statements are made concerning our wasteful methods as compared with the well-planned activities of the Russians under their 5-year plan. I will admit that our system is somewhat wasteful, but nature itself is wasteful. Untold billions of young animals, insects, and plants are born each year; but only a minute percentage of the most fit survive. So in our business and industrial organizations thousands of business and industrial enterprises are launched each year and only a small percentage of them survive. These survive because they are most fit economically to serve the people. By this process of elimination we keep our economic organization at highest efficiency. The efficient survive, the inefficient perish. This is wasteful and sometimes cruel.

Thousands of business and industrial enterprises are perishing, with resultant want and privation for those connected with them as owners or employees. At this time the Russian plan stands out as having merit because it is in the process of construction. It may, for a time, succeed beyond the expectation of any of us. Eventually, however, changing conditions and economic evolution will render obsolete some of the factories, whole industries will require reorganization, then the weakness of the communistic structure will destroy it. The fundamental weakness in an economic organization is the element that lends strength to government; it is its permanence and resistance to change. The government in business will be static as in its other functions. The nation which permits its government to operate and control its business and industrial enterprises will be left far behind by the nations in which freedom of individual action permits continued progress, increasing change, and, therefore, increasing efficiency in its economic organization.

The present distressing economic conditions can not be charged to defects in our economic theories. On the contrary, they are to be charged directly to our failure to adhere to our individualistic system. Something more than half a century ago a new political organization arose from the ashes of the parties which had fought vainly for 50 years to destroy the Democratic Party. This new



Republican Party rode into power in the Nation upon the great moral issue of slavery. Following the Civil War, its chief issue gone, containing no cohesive forces within itself, leaderless after the untimely death of Lincoln, the direction of the party was assumed by predatory interests. Under their control the party embarked upon a program of subsidizing industry. The theory was that by giving special privileges to a few, who would thereby prosper greatly, some of this prosperity would be distributed to the multitude. In other words the Congress of the United States, composed of men of all classes, few of them with any specialized knowledge of political economy, attempted, by law, to interfere with the operation of economic forces. They were fortunate. Their program was instituted at a time when the whole world was entering upon a period of industrial expansion. Credit for every advance made by the business and inventive genius of the United States was claimed by the party in power. The protective tariff, greatest of governmental subsidies, became the gospel of the wealthy class which used the Republican Party to serve its own interests.

We prospered, not because of the tariff but in spite of it. The unbalanced prosperity which should naturally follow the artificial stimulation of the prices of manufactured goods was balanced by the increase in value of new land opened in the West. The profits of the East were poured back in investments and loans in the West, thereby maintaining its buying power in spite of increasing prices of manufactured products. The final reckoning came when the value of western land and western products reached and passed the peak.

Following the World War other nations, seeing our prosperity, likewise assumed that it was built upon the rock of protection; tariff walls were raised against us; the world market for our agricultural products was immediately injured. Our market was not only curtailed by the retaliatory tariff but also by a lack of ability to exchange goods for our exports. Finally, in 1926, for the first time in history, the exports of agricultural products dropped below the exports of manufactured products; the agricultural West was gradually losing its world market and its consuming power correspondingly decreased. We found a large section of our country selling its products below the cost of production upon a vanishing world market and at the same time purchasing its manufactured goods upon a protected market at a high price. No permanent prosperity in this Nation could exist under such conditions. The consuming power of the West vanished and the manufacturing East suffered and is now suffering the penalty of its greed. For a time the industrial machine moved on of its own momentum; from the West came cries of distress which were unheeded.

The leader of the remnant of a once great Republican Party has continued to speak of individualism as opposed to paternalism in government; but when these effects of governmental interference became apparent, the administration has sought to give us a larger dose of the medicine that has caused our ills. We subsidized the Shipping Board, with the well-known lamentable results; we lost the money invested and lost the shipping. The Smoot-Hawley bill—farm relief tariff bill, designed to artificially stimulate prices, resulted in the collapse of the values of industrial stocks and brought about a world-wide depression. Then the Farm Board undertook to save the wheat farmers, and at an expense of nearly \$200,000,000 managed to bring the price of wheat to the lowest in the memory of all present, involving the utter collapse of the market for all farm products. Then we had the moratorium, through which a gift of the taxpayers' money to foreign nations was expected to return us to prosperity by making possible the construction of a few more battleships in Europe. And, lastly, we have the great credit plan through which the taxpayers' money will be loaned upon security which good bankers or conservative private investors will not accept. We have an abundance of private money available for loans on good security, so the new credit plan can be helpful only as it puts the money of the large income-tax payers into circulation by loaning it upon doubtful security. The invalid who goes from one doctor to another, seeking relief for his disease, when nature finally effects the cure, gives credit to the last doctor that gave him a pill. It may be that the great depression is over and that we are on the upgrade. If so, I assume credit will be claimed for the last effort made by the floundering national administration.

The Democratic Party must not be misled by the clamor of some political leaders in the West, who, despite the horrible example before us, advocate governmental assistance as a means or permanent relief for agriculture. I will admit that our tariff can not be immediately abandoned. It is no mere coincidence that the panic of 1929, as all panics of history, immediately followed a drastic revision of the tariff laws or tinkering with our monetary system. The lowering of tariff schedules must be started immediately, but must be gradual; and in the meantime we of the younger generation, we grandsons of the wild jackass, are not content to point at the mistakes of the past. We are looking to a better day, but we have the immediate pressing need of the present. We can not permit men and women to starve in the midst of plenty while awaiting the slow operation of economic laws to adjust and repair the havoc wrought by past mistakes. We will not suffer continued discrimination against our section of the United States. If any party or administration attempts to restore an artificial prosperity to industry at the expense of the rest of the Nation you will find the West in political rebellion. If the policy of the Federal Government is to subsidize industry, then we demand subsidies for the agricultural West. Sound,

conservative principles will not permit us to consent to continue to pay tribute to one section of this country. Western industries must be placed temporarily upon a parity with the East so as to restore a normal balance. But while the West may demand a tariff on oil to save a stricken industry and ask that the benefits of the tariff be extended to agriculture through a tariff-debenture plan, such a practice will not be acceptable as a means of even temporary relief unless coupled with a permanent program leading to the elimination of all governmental subsidies and unnecessary governmental interference with business. It is not necessary that we negotiate for the reduction of retaliatory tariffs or await the action of foreign countries to remove the obstructions from the channels of world trade. We can not be injured by any influx into this country of wealth in the form of usable goods that might follow the gradual lowering of our tariff walls.

While I have advocated individualism and opposed governmental interference in business, it does not follow that the Government has no concern with economic problems. There are certain functions which are necessarily governmental. One of the first and primary duties of government with relation to business is the maintenance of a sound but flexible currency and monetary system to provide a medium of exchange the face value of which does not fluctuate. Internal order and amicable international relations can only be maintained by wise and sane leadership in the national administration. We should have no concern with the political or military problems of other nations other than to offer our services as mediator in international disputes, as an individual nation or as a member of an organization of nations formed for that purpose. With one branch of business organization the Government is vitally concerned. While we commend and develop competition in individual enterprise, in one field there is no place for competition. Modern science has created a supply and modern civilization has created a demand for certain services which by their very nature must be rendered by monopolies. The service of gas, water, light, telephone, etc., can not best serve and be competitive. In order to obtain efficient service it is necessary to grant certain privileges to the individuals, or public-utility corporations, which render the service. Since these public utilities are natural monopolies and are owned and operated by individuals, we find that the greed which directs the actions of many individuals is not lost when those individuals become the stockholders or officers of corporations. Corporations reflect the minds and souls of their officers, and we have in this country corporate interests directed by executors as rapacious, greedy, and ruthless as the fiercest pirate that ever scuttled a ship or ravaged a seaport. It is a settled policy of this country to provide regulations preventing unreasonable charges to the consumer which would naturally follow such a noncompetitive system when in the hands of greed. The large scope of these public-utility corporations makes it necessary that the National Government assist in their regulation and control, and they should be regulated and controlled by whatever means are necessary, even though it be through the retention of governmental control and ownership of some of our natural resources.

In the early days of this country the construction and maintenance of highways was a private enterprise, but the consistent policy of municipal, State, and National Governments in this country has been to consider this as a governmental function. Since this is now a purely governmental function, it would be better for the Government to devote its resources and expend its income, or use its credit, to relieve the unemployment situation and facilitate the return of business activity by permanently investing in highway construction the enormous sums which are now being expended in futile and disastrous attempts to interfere with economic forces and artificially stimulate the prosperity of private enterprises.

In conclusion, I wish to repeat that I do not come from the West to seek relief but to point out that the relief for eastern distress can not be found in an unbalanced prosperity that does not increase the consuming power of the West. Prosperity will return when the economies of mass production are passed on to the consumer with similar profits and lower distribution costs; when the product of a given number of hours of skilled labor on the farm may be exchanged for the product of the same number of skilled hours in the factory or the channels of distribution, with the farmer, the manufacturer, and the merchant receiving a reasonable return upon his prudently invested capital. We in the West know adversity; but on western farms to-day happy families are living in good health, enjoying the wonderful western weather; western farm children are attending grade schools, high schools, and colleges in the best school systems ever produced by civilization. We have butter, eggs, milk, livestock, and bread grain in abundance. In time past the West has weathered many a panic and survived—the West will again survive and the sun of prosperity will again smile down on western plains. Again the western farmer will demand and get the standard of living which is the right of every honest, intelligent, and industrious citizen of America; but that day will not be hastened by an excess of an unreasoned panic or by an abandonment of our fundamental principles.

Our institutions are bulid upon the rock of unrestricted individual initiative. I do not fear that they will be torn down unless the foundation be destroyed by an increase of our dependence upon governmental aid and paternalism. I, for one, do not wish to see the Democratic Party aid in its destruction. We should seek new stones to add to its strength and security, and those stones are a greater and further reliance upon the initiative



and the inventive and business genius of the individual American. Come to the people of the West with such a rock-ribbed, conservative platform, radical only in its simplicity, and we will drive from the citadels of our Government the shortsighted, greedy, industrial autocracy which has controlled our Nation. This industrial autocracy which has sought to use the Government as an instrumentality for its private profit, whose tentacles of corruption in the past have reached into the inner circles of the national administration and undermined the faith of the people in the integrity of their public servants. Write into your platform the principles of Thomas Jefferson, without panaceas, and the people of the West will place the Democratic Party at the helm of the ship of state on its return journey from the depths of the Hoover depression.

My friends, out of the West come the grandsons of the wild jackass, proud of their heritage that christens them progressive but not radical, conservative but not reactionary.

#### ECONOMIC CONDITIONS

Mr. ASHURST. Mr. President, I ask unanimous consent to have printed in the Record four editorials appearing in the Arizona Daily Star.

The VICE PRESIDENT. Is there objection? The Chair hears none, and it is so ordered.

The editorials are as follows:

[From the Arizona Daily Star, December 5, 1931]

#### A DANGEROUS PLAN

The recommendation of a committee of President Hoover's conference on home building and ownership, now in session at Washington, of mass production of homes through the instrumentality of a credit corporation of \$5,000,000,000 is a matter of grave importance to the country. Such a recommendation if carried out would lead to the gravest sort of consequences.

First of all, such a plan would depreciate the value of every home and apartment house now standing. The addition of such a supply to the housing of the country at this time would empty thousands, in fact, hundreds of thousands of homes that are now standing. Empty homes and apartments can not pay interest on existing mortgages, and neither can they pay the taxes and street assessments. Hundreds of thousands of people who have invested their money in houses and apartments would stand to lose entirely the equities they now own.

No need exists to-day for the mass production of homes. Even a growing city like Tucson has plenty of empty houses and apartments, the owners of which are having a difficult time meeting interest charges, street assessments, and taxes. But there are comparatively few growing cities like Tucson in the country. Most of the towns and cities of the country are overburdened with empty houses and apartments, the owners of which face a real struggle in meeting interest and other charges. Many of these houses represent lifetime savings and were bought with the idea of having something for income in old age. To-day many of these owners face a serious problem of meeting living expenses on account of the loss of income. The proposal to add millions of additional homes will wipe out the investments and incomes of hundreds of thousands of people.

Not only will such plan destroy the investments of the owners but it will seriously affect security owners, owners of mortgages on existing homes. As many of these mortgages are owned by banks and building and loan associations the banking situation will be strained even more.

The President's statement that a need exists for a financial organization for financing home building, which will permit people of small means to own homes, is a great exaggeration and misstatement of fact. In his speech before the conference he stated that the proposed organization would finance home ownership up to 75 per cent of the cost, the home owner providing the rest. He did not state that all of that can be done to-day without a national financial organization. Anybody of good character can to-day, here in Tucson, build a new home by furnishing 25 per cent of the cost as a down payment. In fact, here in Tucson to-day it is possible to buy a home by paying down 10 per cent of the purchase price and agreeing to pay out the balance in monthly payments no larger than the usual monthly rent. In fact, it is possible to purchase a \$5,000 home in Tucson to-day by paying down as small an amount as \$250. Why, then, should there be a mass production of new homes? What need is there for a national home-financing organization?

The gravest effects from the execution of the plan proposed by the conference would not be felt for several years. For a few years it would bring immense activity to the building industry, but at the end of a few years the home building of the country would have been anticipated for so many years that the building trade and skilled laborers involved would be without work for many, many years. It must be remembered that our rate of population growth is declining rapidly, and that by 1950 our population will be stationary.

The President's proposal carries with it such grave and dangerous consequences to the entire social and financial structure of the country that it is hard to believe that he really means what he says. It is inflation, dangerous inflation, which in the long run will do irreparable harm, not only to the financial structure of the country but to the cause of home ownership as well.

[From the Arizona Daily Star, October 9, 1931]

#### A DISAPPOINTING PROGRAM

The mountains groaned and a mouse was born. President Hoover assembled a number of business and political leaders at the White House to work out some kind of a definite plan for relieving economic distress. Now comes word that as a result of these deliberations all that is to be done is to form some kind of a discount bank to take over frozen banking and credit assets and to create some type of credit structure to furnish money for home building. President Hoover expressed himself as believing that such measures will alleviate the credit stringency and promote business and industrial activity.

It can be said in favor of the President that the plan to create a credit structure to take over the frozen banking and credit assets might be of some temporary benefit, although much can be said against it. It will give temporary relief, but it is merely a narcotic. It is an attempt to doctor the result of an illness and not to remove the cause. It can not rectify the fundamental reason of our economic distress. Rather it is but a postponement of attempting to cure the causes. The plan to make available a large amount of credit for home building overlooks the fact that the unwise and senseless expansion of credit of the past seven years is one of the fundamental causes of our economic dislocation. The results of the conference at the White House are thus comparatively negligible as far as going to the root of our present troubles.

Many hoped, when they heard that the President was working with business and political leaders in the conference at the White House, he had awakened to the fact that the time had come to end the propagation of economic nostrums and trying to alleviate economic distress by Government edict. The lesson the country has learned from the operations of the Farm Board and other such Government activities seems to have been forgotten, and instead of getting down to fundamentals, the real causes of present conditions, the President comes forth with another program of Government relief and activity which will merely aggravate conditions rather than help. It amounts to nothing short of political and economic humbuggery.

The principal cause of present world conditions has been excessive public expenditures. For 15 years the world has been mortgaging the future by means of bond issues and other types of borrowing to carry on wars, impossible government social programs, and reckless government expenditures. Now, instead of profiting by the lessons to be learned from Australia, England, Germany, Austria, and other countries, the President proposes to follow in their footsteps. The world has been consuming wealth faster than it has been created. That is one of the principal reasons of the present dislocation. The President proposes to add more.

These ambitious programs have imposed an impossible burden on industry. They have created a feeling that a government by simple edict can create wealth and restore the economic balance. Without exception they have led to political unrest, loss of confidence, and a mental condition of hopelessness throughout the world. And now President Hoover advocates similar plans which will inevitably end in disaster.

Before economic balance can be restored several fundamental errors must be corrected. The political animosity between Germany and France is being buried. That is one of the most encouraging things that has happened. A general election in England will take place soon. If the national government is returned and England brings a halt to her unwise experiments, that will be another long step in stabilizing political conditions and economic conditions in that country. The international war debts must be scaled down. They can not be paid, regardless of the fact that they should be paid. It is sheer political humbuggery, deliberate ignorance of actual conditions and misrepresentation to claim that they must be paid. The insane tariff walls erected by all nations, the impossible trade restrictions imposed, must be changed to a lower level. Normal trade conditions can not return until there is the freest possible flow of goods in international commerce. Imagine what chaos we would have in this country if each State erected a tariff wall. The excessive armaments of the world are another factor, but what would it profit the world to reduce them and then spend the money on other wealth-consuming projects?

The President's announcement is a keen disappointment. It is a mere sop thrown to the public. The measures he proposes will be of no more value than the Farm Board and will breed still more such valueless and senseless schemes, all of which must be paid for by additional taxes. They add to the burden of the country. They do not help.

Many people believed that as a result of the conference the President would dare to become the leader of his country, that he would fearlessly acquaint the American people with the true situation and ask them to support him in calling for an international conference to settle permanently the question of war debts, another conference to reduce the tariff walls and to remove senseless trade restrictions, and to ask for their support in reducing excessive public expenditures in every department of government which are blighting industry the world over by the heavy taxes they impose.

Unfortunately the President seems to doubt the good sense of the American people. More and more it becomes apparent he lacks courage and determination to do what he knows must be done. The White House conference and the results announced



from it are a complete fizzle. The mountains groaned and a mouse was born. The American people will realize it before the next year passes.

[From the Arizona Daily Star, October 14, 1931]

#### THE PROPOSED DISCOUNT CORPORATION

Yesterday afternoon the Tucson clearing house, composed of all Tucson banks, deferred action on participation in the formation of the national discount corporation planned by President Hoover. Its reasons for this delay may be summed up by stating that all of the Tucson banks are in a liquid and sound condition, are capable of meeting all demands of their depositors, and that since subscription on their part would amount to around \$250,000, such a subscription would weaken their conditions without any compensating advantage. None of the Tucson banks is in need of the help the discount corporation is designed to give.

An adverse decision of the clearing house is, we believe, a wise one. The Tucson banks are in a liquid and sound condition. Subscription to the discount corporation proposed by the President would impair their position. They have been called upon, together with all other banks throughout the country, to subscribe 2 per cent of their deposits to the formation of the corporation. With the funds thus subscribed the discount bank plans to purchase slow loans from banks to enable banks with such loans to meet the demands of their depositors. As the banks of Tucson have no need of this help they would be furnishing over \$250,000 to aid incompetent or dishonestly managed banks located elsewhere. In other words, it would mean that they would freeze 2 per cent of their deposits for the benefit of weak and badly managed banks by investing in the debentures of the discount corporation which have no assured earning power or market value.

The success of the President's plan depends upon the willingness of the banks of the country to subscribe 2 per cent of their net time and demand deposits. Although the New York banks subscribed their share immediately upon announcement of the plan, there is good reason to believe that the banks of the country will hesitate to follow suit. Most of the weak banks of the country have been eliminated. The successful and conservative banks that remain, which have kept themselves in a liquid and sound condition and which have followed honest banking practice, will view with disfavor any plan that requires them to freeze 2 per cent of their assets. It is not sound and proper banking practice. It will not be surprising if the discount corporation fails to obtain the necessary subscriptions. Refusal of the banks of the country to participate, instead of being a calamity, will be a blessing, for it will mean that competently and honestly managed banks will continue to maintain their liquid position and not impair their capital and surplus by tying up 2 per cent of their deposits in securities of doubtful value.

It might be well to give some other details of the plan. Elsewhere in this issue is published the telegram received by the Tucson clearing house. It is the only information it has received, and it is upon this information that it has been asked to act. Briefly it might be summed up as follows: As a means of relieving the strain on banks and liquidating the receiverships of ones that have been closed, President Hoover recommends the formation of the national discount corporation. The corporation will be formed under the laws of Delaware, with a capital stock composed of 12 shares of stock, one for each Federal reserve district. It will have power to issue debentures (bonds without a definite interest or security) to the extent of \$1,000,000,000. Half of this amount will be issued immediately upon subscription by the banks of the country. All banks, State and national, are called upon to subscribe 2 per cent of their deposits and take in return these debentures. The money subscribed will be used to purchase slow loans of the type which can not be discounted by the Federal reserve banks. By this means it is hoped when a bank faces a crisis it can discount its slow paper with the discount corporation and get in return cash with which to meet the demands of its depositors. The plan contemplates aid in liquidating closed banks by taking over slow and frozen loans and making the funds thus set free available to waiting depositors.

The weakness of the plan lies in the fact that it calls upon good banks to weaken their own position for the benefit of weak, incompetently, and dishonestly managed banks. For a subscription of 2 per cent of its discounts to debentures of the discount corporation does mean freezing 2 per cent of the deposits and impairing the capital structure to that extent. Analysis of the causes of the failures of so many banks shows that most of the closed banks have been closed on account of inexcusable incompetency, extravagant expansion, failure to diversify loans, and shameful looting by officers and directors. Authorities charged with acting upon the reports of examiners have failed to act and for political or other reasons have temporized with such managements and allowed the situation to get beyond control.

The President's plan, as far as the formation of the discount corporation is concerned, amounts to the century-old plan of guaranteeing bank deposits in a new dress. It has been proven unsound in theory and practice time and time again. Developments of the next few weeks will show that the good bankers of the country will refuse to impair their own institutions by declining to subscribe to the debentures of the corporation, just as the Tucson banks should do.

[From the Arizona Daily Star, November 27, 1931]

#### CONGRESS AND THE HOOVER MORATORIUM

When the Hoover moratorium comes up in Congress this winter it will arouse a storm of oratory and acrimonious debate. Particularly will this be true in the Senate, where the rules permit unlimited debate and where already formidable opposition has raised its head.

One of the strongest and most popular arguments against the adoption of the moratorium proposal is that it is a scheme whereby the United States will forego collection of the international war debts that the international bankers may collect what is due them. For, it will be shown, since the signing of the treaty of peace in 1919 the international bankers of New York have loaned Germany over a billion dollars in direct loans, besides many additional billions in investments in German industrial enterprises. Proponents of this argument will point out either that what the Allies owe us for war debts can not be connected with what Germany owes the Allies in reparations or they will declare that the reparations from Germany and the war loans are an underlying lien and come ahead of all subsequent loans. On this ground the opponents will attack the moratorium as a scheme of the international bankers to get their money back and make the Government wait for what is due it.

This line of argument has considerable truth in it. In fact, it has so much truth in it that it reveals the reasons why the reparations and war debts must be scaled down and ultimately canceled. The American public does not realize that these Government debts are intimately intertwined with politics. We may say quite truthfully and correctly that the allied debts to us can not be connected with reparations, but merely saying so and announcing such a policy does not change the situation. It is true that we do not consider these debts as political ones, but the Allies do, while the Germans consider the reparations as distinct unbearable political burden.

The only money the Germans owe direct to international bankers are the short-term loans amounting to around \$600,000,000 in the form of trade acceptances and German treasury bills. The trade acceptances are owed by German firms who bought goods, such as cotton and copper, from the United States and paid for them by giving a promise to pay for them at the end of a short period. They constitute purely private debts and have no political connections. The treasury bills bought by the banks are similar to what we call in this country tax-anticipation certificates such as our own State sells pending the receipt of tax money twice a year. They have no direct political connection.

In this connection it is well to remember that this money advanced by the international bankers was used to pay for Arizona cotton and copper, Middle West wheat, and a host of other things. Had these advances not been made the industrial and agricultural situation in this country would be much worse than it is. If Congress or Germany says that the payments of these loans must follow reparations loans, the international bankers will say: Very well, we will take our loss, but in the future we will advance no money for the purchase of American products by German private industrialists, nor will we advance any more money to the German Government in the form of tax-anticipation loans. International trade with Germany would come to a standstill without the short-term financing granted by international bankers, of which the short-term credits now frozen in Germany are a typical example.

Since the adoption of the Dawes plan private and international bankers did loan many hundreds of millions of dollars to German municipalities and German industrial corporations. That they loaned too much money, and that much of the money was wasted, everybody admits. But it was loaned in an effort to help Germany rehabilitate her industry and start her industrial enterprises so that she might pay off the reparations. Had these loans not been made the question of the war debts would have reached a crisis long ago.

Furthermore, the money represented by these loans is not owed to the international bankers. It is owed to thousands of individual savers and estates and other investors who bought them from the international bankers. They, not the bankers, stand to lose.

Of course, the bankers can be criticized for selling such loans. But suppose the bankers had refused to make the loans? They would have been denounced for not helping to make America's resources available to help Germany. As all of these loans bore high rates of interest they were on their face speculative. Safe loans do not bear high rates of interest.

This consideration of the entire question reveals that it is futile and a waste of time to attack President Hoover's proposal on the ground that it is a scheme of the international bankers to get their money. The intergovernment war debts are political debts and must be treated as such. If Germany did not owe a dime of other debt, she would continue to storm and use every possible means to escape payment of reparations, because she feels it is an unjust burden placed on her by superior force. As long as the reparations exist in an amount and form unacceptable to the majority of her people they will be a subject of bitter controversy, and the principal disturbing factor in a strained international situation.

Since his conversations with Premier Laval and Signor Grandi and the conversations between Laval and Bruening, President Hoover undoubtedly will recommend action that will bring this long and bitter question to a peaceful and satisfactory solution.



Nothing Congress could do to help the unemployment situation would be of more value than to give hearty support to the Chief Executive who alone with the Secretary of State can conduct negotiations on international questions. No revival of business can come until this question is settled on a fair and just basis to all.

#### CONGRESS AND THE DEBTS

Mr. COPELAND. Mr. President, in the New York Herald Tribune of this morning is a very illuminating article by Mr. Walter Lippmann on Congress and the Debts. In view of the discussion we have had in the Senate I think this article is well worth reading and I therefore ask unanimous consent that it be printed in the RECORD.

The VICE PRESIDENT. Without objection, it is so ordered.

The article is as follows:

[From the New York Herald Tribune, December 15, 1931]

By Walter Lippmann

Even though Congress will not have approved the moratorium before December 15, when debt payments are due, there is, of course, no question that eventually approval will be given. The necessary votes have been pledged, and the debtor governments can in no sense be considered to be in default.

Nevertheless, the fact that the payments will have been suspended without the formal approval of Congress may have considerable practical effect. For once it is admitted that the approval need not be given by December 15, there is no compelling reason why Congress should not investigate and debate the matter at its leisure. There is no longer a fixed date when the business must terminate, and experience shows that the more a debate involving foreign affairs is drawn out, the greater the strength of the irreconcilable faction. Therefore, although the moratorium will be ratified, unless the matter is now taken promptly and firmly in hand by the responsible leaders of both parties, we may well see a debate in the course of which the irreconcilables will succeed in exacting as the price of ratification commitments which will paralyze the Government in arranging a settlement for the future.

A study of the debate last week will show, I believe, that this is no empty speculation. Two things were made plain. The first was that in both parties there is a deep resentment at the action of the Executive in committing Congress to the moratorium by the extra legal methods of last June. The feeling is deep that the President has tried to deprive Congress of its right to consider so important a matter carefully, that in refusing to call a special session he allowed Congress only eight days in which to organize itself and deal with the moratorium, that his procedure proclaimed his distrust of the Congress and infringed its dignity, that he and the world at large must be made to realize that Congress is a coordinate branch of the Government.

It may be regrettable that Congress is so touchy. But Congress has always been touchy, and it would have been the part of wisdom to remember it. An unnecessary amount of trouble could have been avoided on this score by calling Congress into special session one month earlier. The moratorium would now have been ratified, and a debate bound to disturb the delicate negotiations now in progress abroad, terminated.

The second point brought out by the debate last week was the extent to which the Congressmen, owing to their long absence from Washington, have lost touch with the realities of the world crisis. They have been at home confronted with the pressing difficulties of their constituents, and many of them have not had time or opportunity to understand the difficult and complex matters which they are now called upon to determine. The administration has, so to speak, grown up with the situation by daily practical experience. Most of the Congressmen have had only the most meager information for the last nine months, and quite evidently do not realize what has been happening in the world.

Thus many Congressmen approach the question of the debts believing that, first, it is within the power of Congress to determine whether the debt payments shall or shall not be made; second, that these debt payments are of great importance to the United States; and, third, that the plea for a year's moratorium and of subsequent reduction is simply a scheme worked out by the bankers who have frozen credits in Germany. These beliefs arise not out of bad will but out of misunderstanding, which it is the business of the administration and of responsible newspapers to clear up patiently and sympathetically. It is a pity that the time is short, for events are moving fast, but there is no short cut under our system of government.

In regard to the assumption that Congress has a free choice as to the debts, it may be said that international debts from great nations can not be collected by force. The real choice is not between payment and nonpayment, but between a settlement which the debtors can execute, and one which throws them into bankruptcy. If Congress insists upon the letter of the bond, it can create financial chaos in central Europe, but it can not compel all the payments to be made.

In regard to the belief that debt payments are of vital importance to us, it may be pointed out that this year the suspended payments are about one-sixteenth of our Federal expenditures and slightly more than one-tenth of the deficit. On our financial scale they are a small item. A reduction by one-half would be

less costly than the losses of the Farm Board. It would be less than the deficit in the Post Office.

In regard to the international bankers, it may be pointed out that there is no conflict of interests between taxpayers and the holders of foreign bonds and credits. The private creditors have already taken heavy losses on their foreign investments. They will, no matter what happens, have to write off more than the taxpayers will be asked to write off on the governmental debts. Both need a world recovery to recoup. In a world collapse both suffer. Neither group can get out at the expense of the other, for in a general bankruptcy both must lose and in a general recovery the whole problem would disappear.

If Congress will just make up its mind that what is at stake is not its dignity or the President's, not \$250,000,000 of the taxpayer's money or \$2,000,000,000 of private money, but the recovery of the world from a great depression, it will be seeing the matter in its true perspective. In the last analysis Congress is not dealing with the German Government and the British Government; it is dealing with the two markets which are more valuable to American producers than all of Asia and South America combined. If, moreover, Congress will realize that the economic fate of the Continent of Europe is inextricably tied up with the fate of Britain and Germany, and then will look at the figures, it will see that even last year in the deepest depression the purchases of Europe were greater than all the rest of the world put together.

The problem before Congress is to help make the world a going concern. Congress represents the greatest producing Nation, and it would wholly fail in its task if it forgot that fact in order to concentrate its energies on making itself a mere debt collector.

#### CHICAGO AN OCEAN PORT

Mr. LEWIS. Mr. President, I ask unanimous consent to have printed in the RECORD a short address delivered by Col. William Nelson Pelouze, chairman of the Illinois Deep Waterway Commission, at the convention of governors at Chicago in the present month.

The VICE PRESIDENT. Without objection, it is so ordered.

The address is as follows:

It would be difficult to adequately visualize the benefits that will accrue to Chicago and the other cities on the Great Lakes, as well as to the great interior of the United States, when the St. Lawrence River is open to through navigation for deep-draft ocean-going vessels.

The cities on the Great Lakes will then become ocean ports. Eighty-five per cent of the vessels of the world will be able to ascend the St. Lawrence River and enter the Great Lakes. Manufacturers and farmers of the Central West will then be on an equality basis, so far as cost of water transportation is concerned, with their seaboard competitors to the markets of the world.

There are 40,000,000 people who live adjacent to the Great Lakes who are practically landlocked, so far as having access to the ocean. This vast population is entitled to buy and sell in the markets of the world and should be privileged to do both at the lowest possible cost in transportation. The St. Lawrence is the world's greatest natural waterway and is destined to be the world's most useful seaway.

Quite recently two foreign vessels sailing from commercial ports of Continental Europe have arrived in the port of Chicago, carrying cargoes consigned to one of our largest commercial houses. Another vessel from Norway has just arrived at South Haven, Mich., with a cargo of 3,000 tons of wood pulp. This is reported to be the first of nine vessels that will arrive at that port with similar cargoes before the 1st of January. Within the past three years the Kohler Co., of Kohler, Wis., has received 11 cargoes of china and ball clays from England. These cargoes were discharged at Sheboygan, Wis., after a voyage of 4,000 miles across the Atlantic, up the St. Lawrence, through four of the Great Lakes, to their Wisconsin destination in 30 days. Ex-Governor Kohler, the president of the company, stated that by using the St. Lawrence route there has been a saving of \$4.16½ per ton, as compared with the combination water-and-rail rate over the old ocean haul to Philadelphia and thence by rail to Kohler, Wis. He stated that in the past three and one-half years the saving to his company on freight by way of the St. Lawrence River has amounted to \$89,000. This offers ample evidence of the economic soundness of the St. Lawrence project. The vessels were of a size that could navigate the present 14-foot locks of the St. Lawrence River. These few instances should be all we need to visualize what it will mean to the great Central West when the present locks of the St. Lawrence River are replaced by locks of 30-foot depth, so that deep-draft ocean-going vessels will be able to ply between the cities on the Great Lakes and the commercial markets of the world.

It is officially reported that there are 125,000,000 tons of water freight that originate on the Great Lakes annually. The records show that during the past year of navigation over 100,000,000 tons passed through the Detroit River. That is more than the tonnage that passed through the Panama Canal during the first nine years of its operation.

As a further indication of what might be expected when the St. Lawrence project is completed, the records show that from the 1st of April to the 10th of December of last year the number of ships that passed through the locks of the St. Lawrence River exceeded one for every half hour, night and day, Sundays and holidays, and was equivalent to over 8,000,000 tons.



There is more involved in the St. Lawrence waterway than the saving of freight. New opportunities will be opened by this new line of communication. It will afford to the manufacturers of the Central West a road to markets that is now closed to them. It will open avenues by which they can draw their raw materials from all parts of the world that are now inaccessible. Its benefits can be indicated but they are beyond calculation.

The railroads must realize the important part they will play in the transfer of cargoes to and from the cities of the Great Lakes when they become ocean ports.

Sir Henry Thornton, president of the Canadian National Railways, in an address made at Cornwall, Ontario, stated:

"Much has been said of the development of the St. Lawrence as a deep-draft waterway. I hope that the day will eventually come. We do not regard the development of any such great natural waterway as a competitor, but look upon it as something which will build up traffic, assist in the industrial development of the Dominion, and in the last analysis we will find that we shall have gained very much more than some people imagine we will have lost. In the interior of the United States and Canada there lies a great inland ocean—the Great Lakes—and they are connected with the ocean by the noble St. Lawrence River. To my mind it is inconceivable that a barrier shall exist or be permitted to exist between the area of this great inland sea and the ocean. I believe that it is inevitable that the Great Lakes and the ocean must be connected by a waterway of sufficient draft to accommodate ocean-going vessels."

When Cartier discovered the St. Lawrence in 1534 and other explorers followed him up into the Lakes, across to Rainy Lake and the Lake of the Woods, and then up the Saskatchewan another thousand miles, and again through the Wisconsin Valley into the Mississippi and by the Illinois route down to the Gulf of Mexico, they marked out the main paths that traffic would follow in the civilization of the North American Continent.

It was settled more than a hundred years ago, when Canada built the first shallow canal to overcome the St. Lawrence Rapids. It has been more firmly settled with every passing year as the commerce of that natural highway has steadily expanded.

From the head of navigation on Lake Michigan to the Atlantic Ocean is 2,500 miles, all an active water highway. For a thousand miles between Chicago and Buffalo there is the busiest inland marine traffic in the world. For a thousand miles from the ocean up the St. Lawrence to Montreal there is a volume of commerce that has made Montreal the second largest port on the North Atlantic seaboard.

There is no great public improvement pending to-day that is of more vital concern or promises greater benefits to the industrial and agricultural interests of the United States and Canada than the Great Lakes-St. Lawrence Deep Waterway.

The St. Lawrence project presents no extraordinary engineering problems. It has been proven to be feasible, workable, and practical. The only wonder is that it has not been completed and in operation these many years. It is the natural outlet and offers the line of least resistance for a navigable waterway to connect the Great Lakes with the Atlantic Ocean for ocean-going vessels.

We are told that the St. Lawrence River flows from Lake Ontario to the Atlantic Ocean, a distance of 1,000 miles. As a matter of fact the St. Lawrence as a river proper is only about 350 miles long, because the Gulf of St. Lawrence extends inland as an open sea nearly to Quebec. The St. Lawrence River is 80 miles wide at its mouth. It is a tidal river for about 500 miles. Its width throughout its entire length is measured in miles.

The engineers tell us that there is no river on the American continent that is so well known, so well understood from an engineering standpoint as the St. Lawrence. They inform us that a survey made anywhere in the St. Lawrence River to-day will be found to be practically the same 25 years hence. This condition does not prevail in most rivers, where variations occur from year to year.

From the city of Quebec to the city of Montreal the entire distance is now open to deep-draft, ocean-going vessels. In the distance of 182 miles between Montreal and Lake Ontario about 138 miles are now open to practically unrestricted navigation. This would leave, therefore, approximately only 45 miles to be covered in completing the St. Lawrence development.

There are two impediments to connecting the Great Lakes with the Atlantic Ocean by way of the St. Lawrence River. One is the Niagara Falls and the other is the three groups of rapids just west of Montreal.

These rapids are separated by two lakes, Lake St. Louis, 16 miles long, and Lake St. Francis, 30 miles long. To overcome these rapids it is proposed to build eight locks, each lock 860 feet long, 80 feet wide, and 30 feet deep. The locks will lift the ships 220 feet.

The other impediment, Niagara Falls, separating Lake Ontario from Lake Erie, is now overcome by the new Welland Canal, recently constructed by the Canadian Government at a cost of \$130,000,000. The old Welland Canal has become obsolete or inadequate owing to its limited draft of only 14 feet.

The new Welland Canal is the fourth canal built by Canada since 1833. The length of the canal is 25 miles. All the lifting of ships will be done within a distance of 7 miles west of Lake Ontario. There are seven locks, of the same width and depth as the locks that will overcome the rapids farther east. These seven locks will lift ships 326 feet and will take the place of the 26 locks in the old Welland Canal. While it has taken a ship draw-

ing but 14 feet of water 16 hours to overcome Niagara Falls in the old Welland Canal it will only take a ship drawing from 20 to 25 feet 8 hours to overcome the falls in the new Welland Canal.

The Welland Canal is an integral part of the lakes-to-the-sea navigation problem. That the Canadian Government has expended \$130,000,000 in building this new canal is practically an assurance that Canada is going through with her part of the comprehensive project. The outstanding achievement on the part of Canada seems all the more remarkable when it is realized that the population of the Dominion of Canada is only a little in excess of the State of Illinois. The United States will have equal access to the use of the canal without the payment of tolls, as provided for under treaty agreement.

In 1918 an amendment was offered in the Senate of the United States, to the rivers and harbors bill, requesting the International Joint Commission to investigate and report what further improvement was necessary in the St. Lawrence River to make it navigable for ocean-going vessels.

Fortunately the International Joint Commission had been created by the Treaty of 1909 between Great Britain and the United States. One of the provisions of the treaty being that the commission in addition to its duties specifically set forth in the treaty, was to investigate and report on any matter that might be referred to it by either Government. The International Joint Commission was, therefore, qualified to take up the important matter of the St. Lawrence development.

In July, 1921, after two years of a most thorough and painstaking investigation, the International Joint Commission reported to the Governments of Canada and the United States unanimously favorable to the St. Lawrence project. The commission based its report on the great commercial need of connecting the Great Lakes with the Atlantic Ocean for ocean-going vessels.

With ocean terminals at our lake ports loaded cars could be sent to these ports, their loads turned over to the waterways with unlimited transportation facilities, and the cars returned for more loads.

With the St. Lawrence waterway completed the ships would go right through to the commercial ports of Europe. Freight rates would be reduced, all congestion would be removed, and the ships would reach their destination without loss or delay.

The St. Lawrence is not an inland waterway, as that term is generally used. The St. Lawrence way is not to get out to the ocean, but to move the ocean inland, and make the Great Lakes an integral part of the ocean for "world marketing."

When we speak of inland waterways we are thinking of getting to an ocean port where loading can be had on an ocean-going ship. When we speak of the St. Lawrence we are thinking of placing ocean ports on the shores of the Great Lakes. We are thinking of the larger thing of giving these lake ports a sea base for rate making to world markets.

The St. Lawrence is the natural way of connecting the ocean with the Great Lakes—the greatest inland sea of the world. The St. Lawrence is the connection that links the ocean to these great inland seas, with an adjacent population of 40,000,000, and now carrying 27 per cent of the total tonnage of the United States.

The States of the upper Mississippi Valley form the greatest food-producing region in the world. The production could be multiplied many times as the demand grows. The annual grain production in the area that will be influenced by the St. Lawrence waterway averaged about 3,660,000,000 bushels. If the United States is to continue to export grain, it must be able to meet competitive world-market prices. The cost of transportation, therefore, seriously enters into the price. It is conservatively estimated that when the St. Lawrence River is open to through navigation there will be a saving of about 10 cents a bushel on the grain for export. The price of the crop is the price of the surplus. If only one-half of this saving was to attach to the producers, whose price is the market price less the cost of transportation, the American farmers would benefit to an amount of \$150,000,000 annually. If, to the saving of freight on grain alone, we add the saving in our shipments of industrial products, you can readily visualize what the Great Lakes-St. Lawrence deep waterway will mean to the producers of this country from the standpoint of dollars and cents. It is estimated that there will be a saving of \$10 a ton in the shipments of meats, lard, and dairy products; and on our heavier products, such as steel, from \$5 to \$6 per ton.

Illinois exported an average during the years 1928, 1929, and 1930 of manufactured products to the value of \$215,000,000. Her averaged imports amounted to \$49,000,000 during the same years. Most of the exports went by rail to the seaboard cities of New York, Philadelphia, and Baltimore, where the cars were unloaded, the products transported across the cities and reloaded in ocean-going vessels.

With the St. Lawrence Waterway completed for deep-draft ocean-going vessels, these export products will be loaded in ocean vessels at Chicago and shipped direct to the commercial ports of Europe at a tremendous saving in freight. Chicago will then be on an equality basis, so far as the ocean base rate is concerned, with New York.

Every importer and exporter in the States adjacent to the Great Lakes would be an enthusiastic advocate of the St. Lawrence project, because it will mean to them increased profits by the saving of millions of dollars in transportation costs. The same will apply to our imports. The ships now discharging imports at New York which are later brought to the interior of the country by rail will come up the St. Lawrence River and enter the Great Lakes and their cargoes discharged at Chicago and other cities



on the Great Lakes. The long railroad haul both to and from New York with the excessive handling charges will be eliminated.

As all exports must meet competition on the basis of supply and demand in the various "world markets," it is obvious that the cost of transportation must be deducted before the producer is paid.

The farmer who sells wheat in Liverpool must accept the price there minus the transportation and handling costs. He must meet in the Liverpool market the seller from every part of the world. The "routes and rates" are therefore vital; they directly enter into and affect his profits.

Seventy per cent of the grain exported goes direct to Liverpool, and the St. Lawrence route is the shortest and most direct and, therefore, the cheapest in the cost of transportation.

Rates on the ocean usually average about one-tenth the rail rates between important shipping points. Rates on the Great Lakes are about on a parity with ocean rates and average less than 1 mill per ton-mile.

It costs almost precisely the same to ship a bushel of wheat by rail from Kansas City to St. Louis (8.1 cents), a distance of 277 miles, as it does to ship it from New York to Liverpool, a distance of 3,578 statute miles under normal conditions.

Assuming that the St. Lawrence waterway is open for ocean-going vessels and that the cities on our Great Lakes are now ocean ports, the rate on grain from Chicago to Liverpool will be 10 cents a bushel. This gives the farmer of the Middle West who gets his grain to a lake port the advantage of the base ocean rate of 10 cents per bushel. It puts him on a parity with the farmer who now has the advantage of the Atlantic, Gulf, and Pacific base rate.

At present the route and rate is from Chicago or Duluth to Buffalo, by water, 3 cents per bushel; Buffalo to New York, rail, 9.1 cents; New York to Liverpool, 8 cents; total, 20.1 cents per bushel. The new St. Lawrence rate will be Chicago or Duluth to Liverpool direct, 10 cents per bushel. The savings, therefore, by the new route to the "world markets" will be 10 cents per bushel.

Presidents Wilson, Harding, Coolidge, and Hoover all strongly advocated the St. Lawrence project.

In 1924 President Coolidge appointed a commission with Secretary Hoover as chairman. A similar commission was appointed by the Premier of Canada. The function of these commissions was to review the report of the International Joint Commission and make further investigation. Associated with the commissions were three eminent engineers of Canada and of the Regular Army of the United States.

These two commissions reported to the Governments of the United States and Canada under date of November 16, 1926, following the example set by the International Joint Commission of five years before, by reporting unanimously in favor of carrying out the Great Lakes-St. Lawrence project.

There are 23 States committed to the St. Lawrence waterway. These States are associated in an organization known as the Great Lakes-St. Lawrence Tidewater Association. The Council of States is made up of the governors of these 23 States together with the members of the Commissions appointed by the governors in pursuance to the acts of their legislatures.

Some of the States make appropriations. The money is used to finance and support the Tidewater Association, which is national in scope and whose activities and functions can be more economically administered than though the States acted independently.

Egypt and Phœnicia led the world when trade began. Then Greece, Rome, and Carthage; in later years Venice and Constantinople. From one to another shore the supremacy shifted, but it never left the Mediterranean coast.

The scepter passed, however, when the ships put to sea on the wider ocean. First Spain and Portugal, then Holland and England gained the world's leadership. The scepter passed from hand to hand, but it stayed with the seafaring states.

Industrial development gave a new bearing to commerce. Supremacy was for the people who had coal, iron, and skill. Old England was first in Europe, New England was first in America. Access to the raw materials gave advantage to the island kingdom and the seaboard States.

New times have come to America, new times have come to the world. The trade of the world is more closely knit. Its competition is keen. Success will follow as ever on power, resources, and energy. The greatest reward will come to those who are located on the world's highways.

America has been busy these hundred years in winning this western world. Now a new continent has at last been subdued. The energy of a great people, bred of high purpose and enterprise, now seeks a new direction. The West is ready to place itself besides the Englands, old and new. We have the land, we have the people, the power, the resources, and the energy; there is just one thing lacking—the Great Lakes-St. Lawrence way to the sea.

#### THE SILVER QUESTION

Mr. BORAH. Mr. President, I ask permission to have printed in the RECORD an article by a former Member of this body, Charles S. Thomas, of Colorado, entitled "The Unimportance of Silver."

The VICE PRESIDENT. Without objection, it is so ordered.

The article is as follows:

#### THE UNIMPORTANCE OF SILVER

(A reply)

If the revived interest in the subject of international bimetalism is merely "a bubble of silver relief," it will, like all bubbles, soon collapse under external pressure and hardly prove even of transient concern to anyone beyond the dwindling circle of those yet identified with silver production, who retain little beyond the right in common with all others to invoke the aid of their Government for the relief of a distressed industry, however untenable or even ridiculous their appeals may prove to be. I dare to assert, however, that the verdict of silver's unimportance at this time of stress is not only premature but is not sustained by Mr. Lawrence's very interesting contribution to the World's Work for August.

I concede at the outset that expedients finding shelter under the broad advocacy of bimetalism, and sponsored by some distinguished disciples of the subject, have been urged for the relief of a serious and distressing situation in the Orient which can not recommend themselves to mature reflection.

But these are by-products of every movement, successful or otherwise, which becomes prominent in the march of human affairs, and if we permit them to shut out the perspective of the picture, we can not hope to form an intelligent judgment upon its merits.

The immediate concern of the silver producer in the tremendous issue of bimetalism is obvious, but is only that of the gold producer in the prevalent monetary scheme, and deserves similar consideration, albeit, the silver miner as such is almost an extinct species. His argentiferous mines are virtually exhausted; and the dominant producers of the metal are now the great copper and smelting companies, which are relatively few. Indeed, the prospector and his burro, symbol of the miner of 50 years ago, has long been a reminiscence. Gold also is becoming more and more a by-product of the copper miner, with little prospect of change; so let us strive, if we can, to consider the merits of the double standard from the more impersonal viewpoint of the public needs.

Silver, like gold, was primary money in our country down to 1873, and served us well while it so functioned. In that year it was summarily deprived of its sovereign attribute by a statute approved by a President who afterwards protested that he never suspected its real purpose.

Those of us who have devoted over half a century to a fairly comprehensive study of the double system may readily assure the public that we fully concede the impossibility of securing free coinage for silver by encouraging such empirics as silver pools, utilization of our silver reserves, or loans of silver bullion to other countries.

We feared the Bland and Sherman silver compromise bills of 1873 and 1900 would prove Trojan horses cunningly thrust inside the walls by the manipulators of the time, and designed to fasten the strangle hold of the new dispensation upon the Republic. Events confirmed our apprehensions. Both were laws establishing the compulsory coinage on Government account of specified amounts of silver bullion purchased in a competitive market; and both were to be administered by unfriendly officials. The Sherman Act, to be specific, expressly provided that the Treasury certificates issued thereunder should be redeemed in gold or silver coin at the discretion of the Secretary. In administering that law, Secretary Windom promptly transferred the option to the creditor, on the pretense that parity was not otherwise attainable. Mr. Carlisle, his successor, followed his example; which not only made possible but encouraged the raids of 1894-95 upon the Treasury gold reserves, and which in turn apparently justified Mr. Cleveland's bond issues, handled by Mr. Morgan with such credit and profit to himself. Thus the train was laid for the triumph of the gold standard in 1896.

Space forbids anything more than the barest outline of a background for this inquiry into the merits of the rapidly renewing demand for a return to bimetalism. At the outset it must be borne in mind that nothing new is involved in the movement; for the system, before its ruthless extinction, had stood the test of more than 40 centuries, and functioned better than any other method of determining values thus far devised. During all that time, the legal ratios applied to the two metals have conformed with remarkable accuracy to the relative ratios of their production; and the small occasional variations in value from them have automatically adjusted themselves.

The white metal, being the more abundant and least valuable in bulk, has not only done monetary service in those minor transactions of everyday occurrence, which comprise the vast bulk of the world's activities involving the common people and representing their property values everywhere, but represents the hoarded savings of 20 generations of Asiatics; it was never abundant nor more than 16 to 1 in bulk with the yellow metal; it was never rejected in the service of the world's commerce until degraded or debased by legislation conceived and enacted by and in the interest of the public creditor. Yet, in defiance of such legislation, it has persisted as the measure of values for and the money of more than half the population of the globe, albeit every fall in its gold price decreases the value of their possessions, enhances the burden of their debts and impairs their purchasing power. Through and because of its debasement, the single gold standard has become the silent but most effective method of universal confiscation ever devised. Hence, the values thereby lost will



inevitably return to silver with the repeal of the edicts by which it has been outlawed.

When, in February, 1873, the bill innocently entitled "An act revising and amending the laws relative to the mints, assay offices, and coinage of the United States" was tendered to President Grant for approval, that dignitary signed it in ignorance of its real purport. Had he dreamed that its title was a deception, he would, of course, have disapproved it. At the time the measure was passed, the bullion value of the silver dollar was 101 cents in gold. The only attention given by the press to the bill throughout its consideration was the Associated Press dispatch of January 17, 1873, announcing that "The mint and coinage bill that passed the Senate this afternoon is a codification of all existing statutes on the subject." This was due not to its indifference, but because the newspapers, like Congressman, knew nothing about it.

For some time afterwards the public remained either ignorant or of indifferent to the tremendous fact that, under the cover of a mintage act, the monetary system of the country had been profoundly altered; that silver had been deprived of its right of legal tender, denied access to the mints, degraded to a commodity, and that gold had become the sole standard of value and alone available for the payment of public and private debts in excess of sums of \$10; and national, State, municipal, and corporate bonds had been enormously enhanced in value overnight by a trick of legislation. The primary cause of the panic of 1873 was thus revealed to an astonished Nation about a twelvemonth after it had run its ghastly course of misery and despair.

The effect of the exposure may be easily imagined. The expressions of public wrath were unrestrained. Speaker Blaine of the House, leading Members, prominent Senators, Cabinet officers, solemnly announced their ignorance of the character and purpose of the bill for whose enactment many of them were responsible, while the demand for its prompt repeal was unanimous. For the first time since the Civil War the people in 1874 elected a Democratic House by a 2-to-1 majority. A monetary commission, appointed under joint resolution of August 15, 1875, reported on March 2, 1877, affirmed the charges made against the act and the manner of its enactment. The testimony supporting the report is even yet of absorbing interest and should have borne prompt and affirmative results. But those who engineered its framing and enactment and whose fortunes were ultimately more than doubled through the Nation's travail, were on guard. The press, the banks, the Federal Treasury, obsequious politicians and rival parties all were drafted in the cause of "sound money," and the wrong yet remains to be righted. The havoc it has wrought during over a half century of existence admits of no exaggeration.

Our experience has been that of other nations under identical conditions similarly created. England in 1816, and Germany in 1873, victors of two great wars, the first loaded with an enormous debt, the second about to harvest an enormous indemnity, demonetized their silver, destroyed values, increased the burden of the public securities, and robbed the people of their substance.

When, after the Great War, and responding to the needs of the world's economic revival, silver rose to the unprecedented gold price of \$1.40 per ounce, and the horizon was gilded with the promise of prosperity to all the nations, it was our own Treasury Department which, running true to form, quietly, illegally, and successfully abstracted 13,000,000 of silver dollars from the national reserves and used them to break the foreign silver market. The details of this disgraceful episode will be elaborated hereafter.

But we are cheerfully assured that "silver is unimportant," that the agitation for its monetary restoration is merely "a brand of special pleading"; and reasons are assigned to support the charge so made. If they sustain it, there is nothing more to be said.

At the outset we are told that silver is in dire distress. That is true of all commodities, and the two causes assigned for it apply to all of them. They are "the drop in the price of the white metal and the unfavorable turn in the exchanges" of the silver-using countries. These conditions, however, are said to attend a paradox; "for as the value of all other goods and services declines, the value of gold goes up. This is a bull movement in the gold market when all other markets appear helpless in the face of bear pressure."

True; but the so-called bull movement in the gold market has operated intermittently for over 115 years. The drop in silver prices and the rise in gold values are always reciprocal. It is the expression of the same thing in another way. It is the gold vampire in action, sucking the life blood from the substance of mankind, insatiate and unappeaseable. And like other vampires, it gorges itself as long as its victim has any blood to yield, then turns its fangs upon itself and dies by suicide. There is nothing paradoxical about it, and the formula is simple. When one end of a seesaw descends, the other must rise. It would be a paradox if it didn't. Decrease commodity values and you increase the burden of debt. Make the debtor pay \$2 for every one he agreed to pay or take all he has upon default; such is the mission of the single standard. Just now, as in 1873 and 1893, it is garnering its harvest. "Silver is unimportant." Neither are wheat, nor oil, nor sugar, nor anything but gold.

The statement quoted defeats the author's entire argument. One material substance, infinitesimal in quantity, is absorbing the material possessions of mankind, transferring their substance to its owners, wasting their energies, destroying their ambitions, and reducing them to economic slavery. The one solution of the problem known to human experience is bimetalism, condemned as usual without hearing and spurned as a nostrum of special

pleading. The only alternative would be another abnormal increase in gold output such as immediately succeeded the Bryan defeat in 1896; a phenomenon not likely to repeat itself.

Mr. Mark Sullivan tells us in his *History of Our Times* that two obscure engineers in South Africa, McArthur and Forrest by name, unconsciously cleared our financial skies in 1897 by discovering the cyanide process for cheap extraction of gold from low-grade ores, thereby prodigiously increasing the world's annual production. The discovery of the Rand and Klondike deposits synchronizing with the development of the new process supplied the void caused by silver demonetization, thus bringing to naught for the time the forecasts of the economists of the day. But this was to postpone, not to prevent the final show-down. The golden harvest is drawing to its close, with no prospect of its renewal; the lean years preceding 1896 are returning and with them the problems then so insistent for permanent solution.

We are reminded that, China, Persia, and Eritrea excepted, the world is upon a gold basis. As a yardstick of debt measurement and collection that is true, even in the countries named. But the fact remains, and history demonstrates, that silver can no more be expelled from the world's exchanges than can man live without respiration. Even when gold ceases to function, as it so frequently does, silver remains the universal handmaiden of commerce. A drudge she may be, but man's indispensable servitor she remains. The Kemmerer recommendation may be forced down the throat of starved and stricken China's 500,000,000 paupers, but will gold supplant silver or ever circulate in the marts of Shanghai? Will the change do anything whatever for that country beyond handing her a yardstick for her debts which she never sees but which she has been compelled to employ for a hundred years under the commercial guns of the "sound-money" nations?

The effect of a fall in the gold value of silver is admirably described by Mr. Lawrence; but here again he ignores the fact that unless some antidote be provided against it the consequence is ruin. It is true that silver varies in price, just as any other commodity, but so does gold when measured as everything ultimately must be, not by itself, but in terms of merchandise. The "paradox" just quoted emphasized the startling variation in gold values; upward, it is true, but for that reason the more ruinous, since the "commodity" is all too inadequate for its purpose; having been endowed by the international creditor with power to register the prices to which all else must conform, and to change those prices in his own interest "anywhere, any time, any place" with no right of appeal by prince or pauper. Hence, those controlling the gold supply control credit and therefore dominate the world.

Especial sympathy is extended to Mexico because silver's fall has prevented her "for the moment from carrying out her external obligations." Her domestic ones seem not to be important, an attitude which those immediately concerned may not appreciate. But the fact itself is not new to Mexico. Because of this fall she defaulted in her external obligations years ago. Since then she has compromised them and defaulted the compromise. Her troubles are chronic and conform to the time when the Mexican dollar began its flight from par to 50 cents in gold in London and New York. That value is now almost too low to estimate. She can not pay her obligations, and would be morally blameless if she declined to pay them at all until the constant decline in her material wealth, reflected in the descent of her dollar toward the zero point, shall have been arrested and restored by the same forces which caused it.

"What ails silver?" The answer is clear beyond all doubt. It has been legislated into bankruptcy in the interest and through the agency of the public creditor, who proposes to give it the final coup de grace with the aid of the Kemmerer Commission. The statement that it has been fighting a losing battle, reflected in the steadily declining trend of silver prices "since the discovery of America," is not true. Reliable tables from 1687 to date prove the contrary. Indeed, this writer never encountered the statement before. Not even the British coinage act of 1816 immediately affected its value. The credit for that belongs to the Federal statute of 1873, succeeding that of Germany in 1871. Then, contracts everywhere began to be made expressly payable only in gold or its equivalent. When our people permitted its financiers to thus stigmatize its own money, the price of silver began to decline.

Bimetalism is also challenged upon the ground that silver is relatively unimportant as a commodity, and its pending economic distress does not warrant its plea for relief. As to the first consideration, it should be sufficient to say as a mere commodity neither gold nor silver ever was of much consequence. Deprive gold of its money function, it would, like silver, lose the bulk of its demand and become a drug on the market. The vast bulk of the world's gold is precious only because of its place in the world of finance which rests wholly upon legislation, and which it maintains solely because its limited quantity restrains its undue expansion; which is true of no other metallic substance, silver alone excepted. (This statement of course takes no account of the very rare metals absorbed by the demands of industry.) Coupled with the persistent maintenance of their relative production through the centuries, this indeed is a remarkable phenomenon in history. Hence their primal selection for the symbols of exchange everywhere. To stress, therefore, the fact that the market value of the world's annual production of silver is far less than that of rubber, silk, cotton, etc., can not aid us at all in a solution of the problem. The production of silver was larger in 1929 and worth less in gold than ever before. When the metal was debased in 1872, the fact was defended on the assumption that its produc-



tion had become unduly prolific. Now its relative worthlessness constitutes its principal offense.

Moreover, its decline in value compared with that in other raw material prices "entitles it to no hearing." This is amusing; since it has been common knowledge for half a century that silver being the money of more than half the world, is the index of its purchasing power, and that whatever affects its value is reflected in the market price of most basic commodities. This truism appeared in the tables of Jevons and Soetbeer as long ago as 1849 and 1885. Unless I am mistaken, this is an accepted economic fact, subject, of course, to the influence of temporary or unusual conditions either of local or general character. It follows that the decline in the prices of ordinary commodities is due in large degree to the fall in that of silver.

It is true that the use of silver in fractional currency has been impaired by reducing the silver in its coinage by most European countries or by supplanting it with other metals. This was largely due to the exigencies of the war, and it is gratifying to note that more recently these nations are restoring the coins to their normal ratio. The fact is of little importance in any event, for the malady is not seriously affected by it. Give the white metal its old prerogative and the values filched from it will take care of themselves.

It is interesting to note that the abnormal yield of gold from California and Australia in the sixth decade of the last century so alarmed Michael Chevalier that he attacked it as a monetary standard in 1857 in a brochure entitled "The Probable Fall in the Value of Gold." This greatly impressed Mr. Cobden, who translated and circulated it throughout Great Britain. Chevalier there anticipated all the arguments afterwards urged for the abandonment of the white metal. He alarmed England, which stabilized the prevailing values by compelling the Bank of England to purchase all gold offered for sale at the equivalent of \$20.60 per ounce. On the other hand, several continental countries, notably Prussia and the Latin Union, were persuaded to establish the silver standard, which persisted until Germany began ridding herself of her silver after 1871. The Chevalier crusade was based upon an anticipated deluge of gold, which, like the subsequent fear of silver overproduction, did not and never will materialize.

But we are told that "the part played by silver in the war" should bar it from any special favors now. It is asking for none. Neither does it apologize for the tremendously important rôle which our despised "143 carloads of silver dollars" filled in the German war. The "unsavory" feature of the tale was its aftermath, and for that the Treasury Department must account, if it can.

The silver coinage of the United States consists of \$539,962,000 in dollar units, and \$118,619,000 in fractional currency; a total of \$658,581,000. Except \$93,162,000, all this money is and long has been in active circulation at par either in specie or in paper, the latter being expressly redeemable only "in silver dollars"; and it is not recorded that any one of them was ever dishonored in the Nation's exchanges.

Such was the situation when, in March, 1918, the Indian silver crisis confronted Great Britain, which plead for the purchase of \$350,000,000 in ounces of silver. She could obtain it nowhere else and her need was dire. Should we have given it to her? She did not ask it. How then could we have replenished our store of domestic money? Should we have sold it at the market price of silver? It cost much more than that. How then should we have justified the deficit? We did the obvious thing, melted the dollars, sold the bullion at \$1 per fine ounce to Great Britain and to our mint for fractional currency, and appropriated the proceeds to the purchase of an identical quantity of bullion at the same figure from American mines for recoinage in replacement of the melted dollars. We lost nothing and should have gained nothing by the transaction. But, in May, 1923, the Secretary of the Treasury, repudiated the law as to nearly 15,000,000 ounces sold to the mint, albeit he had previously ordered their purchase under the terms of the law which he then declared to be mandatory.

This incident was more than unsavory, it was dishonest; it netted the Treasury \$14,589,730.13, contrary to the legislative intent. It is true that, then as now, the vaults of the Treasury "bulged with cartwheels," whose paper symbols were and are doing duty everywhere. It is equally true that then and now the same vaults also bulged with double eagles, supporting an active paper circulation. Then as now, vastly more silver than gold specie circulated among the people. Gold indeed has disappeared entirely from the exchanges. If silver accumulates in the Treasury vaults because the American public contemptuously spurns it, the same must be equally true of gold.

The opposition to the enactment of the Pittman Relief Act which is so graphically outlined comes to me with all the interest of a first-heard fairy tale. The attitude of the western Senators toward it differed not at all from that of their colleagues. It was outlined without dissent by the Committee on Mines and Mining, composed of members of both parties. It was unanimously reported for passage and as unanimously approved, after a very brief discussion which was entirely devoid of acrimony. A brief note of hostility, designed for political effect, was voiced in the House during the two hours devoted to its discussion, which neither received nor deserved the slightest notice.

The charge that in the administration of the act our Government spent approximately \$210,000,000, not a dollar of which was necessary, is an amazing one in view of the fact that it is not true. The repurchase of silver thereunder cost the Government not one penny. Even the coin was melted at British expense.

The arbitrary and reprehensible repudiation of the act by the department on February 11 and November 19, 1922, leaving the balance in the account just mentioned, is the only unsavory thing about it.

I have referred to the fact that following the armistice the oriental demand for silver sent its price skyward. In the fall of 1919, it reached the maximum figure of \$1.40 per ounce, or 11 cents above the American ratio of 16 to 1. Ordinarily, this would have caused a movement of the metal to Asia. But its exportation was prohibited under penalty by the Espionage, Trading with the Enemy, and the Pittman Acts. Notwithstanding this fact, the Secretary of the Treasury and the Federal Reserve Board determined to break the booming silver market. The first two embargo acts were therefore lifted at the very time when they were needed, the third embargo having been overlooked or ignored. Then pretending our subsidiary coinage to be in danger of export, these officials on December 6, 1919, quietly contracted with the Asia, International, and Park Union Banking Corporations that "with the purpose to prevent the price of silver from rising above the point of exportation" (which point had been reached and passed several months before), agreed to "furnish" these banks not to exceed 20,000,000 silver dollars against current funds to be melted and used in Shanghai for that purpose, the net profits on the transaction to be turned over to the Federal Division of Foreign Exchange. The agreement was performed to the letter until mutually abandoned, when, after melting and dumping \$13,000,000, the price of silver was forced to about 62 cents. The net profit on this nefarious transaction, \$190,937.47, was duly paid to the Federal reserve banks. An additional 16,000,000 silver dollars was also melted for the same purpose through other agencies, but how or by whom has never been disclosed. I have asserted, and I repeat, that this transaction was not only unwarranted by but was entered into and consummated wholly without authority, statutory or otherwise. The silver coin "furnished" to the banks was part of a conspiracy to break a foreign market, the occasion was deliberately created for it, but the mandate of the Pittman Act against exportation was during all that time and still is the written law of the land.

A brief, matter-of-fact reference to this sinister incident, possibly half a page in length, appears in the Report of the Secretary of the Treasury for the Fiscal Year 1920 and apparently so framed as to escape attention. The scheme was, of course, a complete success. This great quantity of silver bullion, dumped into the oriental exchanges, carrying bullion silver to less than half its market price within the brief period of six months, stifled the reborn energies of oriental traffic, bankrupted many of its leaders and so disorganized its industries that the British Parliament, yielding to the consequent clamor of India, created the Indian currency commission of 1925 on whose recommendation the Indian Government struck the rupee from its fiscal system, forced its sudden fall from 60 to 30 cents the ounce, thus depriving 350,000,000 human beings overnight of half their purchasing power. I deliberately affirm that the recent India currency act was the immediate and logical result of our Treasury's lawless war upon silver in 1919-20, an episode as yet unknown to the vast majority of the American public. To add to this appalling calamity, comes the Kemmerer report of the Chinese commission and ostensibly designed to aid that unfortunate people in its hour of supreme industrial misery, which counsels it to abandon silver (as if it could), embrace the gold standard, and encircle the globe with its yellow symbol of industrial bondage. One wonders if the commission was not appointed for the purpose as the final act in that progressive state of misery to which the Orient has been committed since Rothschild reached the London Stock Exchange on that foggy morning after the Battle of Waterloo.

A prominent economist has just challenged the truth of what he calls the "gold-shortage fallacy," which can be barely referred to here. He may call it whatever he pleases, but he will hardly so characterize the increasing burden of debt, which is reflected in the decrease of commodity values everywhere. Gold may abound in New York and Paris, but when silver falls from 60 to 30 cents the ounce in less than a fortnight, thereby requiring twice as many commodities as before to liquidate a gold bond and England suspends specie payments, there is a ruinous shortage somewhere; and this is the crux of a situation which always develops with the extension of the single standard. It can develop but little further without catastrophe; as those who are "sitting on the lid" well realize.

Said Mr. Goschen, Chancellor of the Exchequer, in 1878 at Paris: "If, however, other states were to carry on a propaganda in favor of a gold standard and the demonetization of silver, the Indian Government would be obliged to reconsider its position and might be forced by events to take measure similar to those taken elsewhere. In that case, the scramble to get rid of silver might provoke one of the gravest crises ever undergone by commerce." This prophecy now being verified for the third time emphasizes the wise forecast of one of the wisest and greatest of British statesmen. And the center of that crisis is now the British Empire so long the fortress of the gold-standard citadel.

Mr. Goschen well knew that all the silver and gold in the world would, if coined at the ratio of 15½ to 1, in his day fall below \$15,000,000,000, as we know that it would not now exceed \$25,000,000,000. Since his time, the volume of commerce and of credits have quadrupled. The amount is inadequate for the world's stock of primary money. The scramble to get rid of silver came soon after him and stays with us. Has the ensuing crisis measured up to his prophecy?



In conclusion, let me emphasize the outstanding fact that our country is and always was the advocate of bimetalism. For many years it enjoyed the system. It was never wholly away from it. On November 1, 1893, by what is now section 311 of the Revised Statutes, it solemnly declared it "to be the policy of the United States to continue the use of both gold and silver as standard money and to coin both gold and silver into money of equal intrinsic and exchangeable value, such equality to be secured through international agreement or by such safeguards of legislation as will insure the maintenance of the parity in value of the coins of the two metals, and the equal power of every dollar at all times in the markets and in the payment of debts. And it is hereby further declared that the efforts of the Government should be steadily directed to the establishment of such a safe system of bimetalism as will maintain at all times the equal power of every dollar coined or issued by the United States in the markets and in the payment of debts."

Unless that statute is a lie, unless it was a concession dishonestly given, it expresses the purpose and policy of the American people. As such it deserves their support until and unless the Congress in its wisdom shall otherwise declare.

#### PROHIBITION ENFORCEMENT

Mr. LEWIS. Mr. President, I ask permission to have printed in the RECORD a letter sent to Senators by Hon. Ralph M. Shaw, counselor at law, of Chicago, on pending prohibition legislation, together with an extract from a letter sent by Mr. Shaw to correspondents in the South relating to the same subject matter.

The VICE PRESIDENT. Without objection, it is so ordered.

The letters referred to are as follows:

[Letter to Senators sent by Hon. Ralph M. Shaw, counselor at law, Chicago, on pending prohibition legislation]

NOVEMBER 17, 1931.

DEAR SENATOR: The inclosed clipping from the Chicago Tribune of this date tells its own story.

The article strikes a thoughtful man with terror. It not only indicates but it convinces one that this country is headed as fast as it can go along the same road which has brought England to the verge of financial ruin and which will complete its destruction within a few years.

The proposed boost in taxes, if it takes place, will shoulder onto between 2,000,000 and 2,500,000 out of a total of 130,000,000 citizens the entire burden of making up the deficit created by an extravagant Government. These 2,000,000 to 2,500,000 citizens compose the bone and sinew of the Nation. They are made up of earnest, hard-working professional or high-salaried men, who have little or no capital except their health, who take care of their own business and don't interfere with the business of others, and to destroy or discourage whom is to destroy and discourage the very element which the country needs for its continued success.

The very rich will not be burdened with the taxes. They have tax-exempt securities. The moderately well-to-do will pay little, if any, tax, and those millions of people who are protected by the great power of the Federal Government and who ought to contribute something at least to its support will be exempt from any contribution to their Government whatsoever.

It seems weird to me that instead of boosting taxes the Congress of the United States hasn't sufficient patriotism, courage, and intelligence to cut down expenses. As an illustration:

Why should citizens of New York and Chicago be taxed to furnish a water supply to the city of Los Angeles?

Why should high-salaried and professional men be taxed in order to loan money at lower than the prevailing rates of interest to the farmers' cooperative societies?

Why should the Farm Board function at all?

Why shouldn't the expenses of bureaus such as the Federal Trade Commission and the Interstate Commerce Commission be greatly reduced and their transcendent powers so fixed that instead of using them to throttle business they could do nothing other than preserve and aid it?

Of course, the ideal tax is a sales tax. Under such a tax the very rich, who buy a great deal, would pay the greater portion of taxes, and the very poor, who buy very little, would pay very little, if any, taxes; yet each would contribute to the Federal Government, which is supposed to protect and defend all citizens and not to exploit some citizens for the benefit of other citizens.

And just one more question:

Why shouldn't the Federal Government recede from its absurd position of calling beverages "intoxicating" which are not "intoxicating in fact," and levy such taxes as may be levied lawfully under the eighteenth amendment and thus make up its deficit out of a revenue from a business which it has been wholly incapable of stopping and which is now pouring more profits into the pockets of bootleggers than the entire income of the Federal Government from income taxes?

My dear Senator, I have been a Republican all my life; but if the Republican Party proposes an income tax upon what little there is left of the accumulated wealth of the country for the purpose of continuing the socialistic experiments by which some people are exploited for the benefit of others and declines to raise revenue which it might lawfully do from sources where it would not be felt—such as the taxation of alcoholic beverages which are

not intoxicating in fact—it will surely ring the death knell upon itself not only in the campaign of 1932 but for the next quarter of a century.

I beg to remain very faithfully yours,

RALPH M. SHAW.

[Extract from a letter sent by Hon. Ralph Shaw, counselor at law at Chicago, to correspondents in the South]

DEAR SIR: I have your favor of November 14.

Since then I have read the article in Collier's to which you referred and which had previously escaped me.

While I know of no reason why an expression of my views can be of much special value, since I am not in public life, nevertheless, one is always more or less flattered to have one's views requested, and in the particular case I am glad to give them.

Although I have been a Republican all my life, I have about reached the conclusion that, owing to the combined effect of the wide-open split in the Republican Party in the North on the liquor question, as evidenced by votes in Massachusetts, New York, Connecticut, New Jersey, Ohio, and Illinois, and also to the existing economic depression and the dissatisfaction which has resulted therefrom, there is little, if any, chance for Republican success next autumn if the Democratic Party handles itself with any degree of cleverness.

As I have stated, in the North the prohibition question has ripped society wide open. Those of us who live in the larger and more populated sections know that unless the liquor traffic (which goes on just the same as it did before prohibition, except under cover, lawlessly and untaxed) is regulated, instead of being prohibited and untaxed, society will be destroyed.

The Democratic Party of the North knows this to be true, as evidenced by the many expressions of opinion not only of the voters but of its leaders.

It seems to me that the only thing which is essential for Democratic success next autumn is for the Democrats of the South to unite with the Democrats of the North on some compromise policy which:

(a) Will reassert the Jeffersonian principles of State rights;

(b) Will result in some amendment to the Constitution which can be supported by both elements of the party and will permit the liquor business to be taxed and regulated and the revenues now going to the bootleggers taken by the Government; and

(c) Then the nomination of a man who will inspire the confidence of millions of Republicans who are looking for a real business leader.

I do not know whether these views will meet with your personal approval or not, but it seems to me very sane and very logical for the Democrats to reassert their State-rights principles and to retake that which they so futilely surrendered in 1919.

#### CONSERVATION OF WILD LIFE

The VICE PRESIDENT. Morning business is closed, and the calendar under Rule VIII is in order. The Secretary will state the first bill on the calendar.

The CHIEF CLERK. A bill (S. 263) to insure adequate supplies of wild life, plant and animal, including forests, fish and game, for the people of the United States; to secure the correlation and most economical conduct of wild-life research and restocking and the elimination of duplication of effort and expense between the several departments of the Federal Government having to do with the same; to promote the development and extension of experimental stations for breeding; to promote studies of diseases and other factors limiting the natural supply; and for other purposes.

Mr. WALSH of Montana. Mr. President, I see that the Senator from Connecticut [Mr. WALKOTT], who introduced and reported this bill, is present, and I trust he will explain it.

Mr. WALKOTT. Mr. President, the purpose of this bill is to eliminate overlapping of effort and certain duplications of expenditures, and to consolidate, so far as possible, without any physical change in any department, the various efforts at conservation throughout the country of our wild-life resources, both mammals and fishes, and also our forests, in connection with which there has grown up through the years a great deal of duplication of effort.

The enactment of this bill will not cost the Government a cent. One of its chief objects is to save money, to eliminate waste, and to suggest rather than to order the various departments concerned with the conservation of our natural resources that they carefully consider what effect any project that comes under their purview or under their jurisdiction may have upon such natural resources.

Many times large enterprises have been undertaken by this or that department of the Government without due consideration of the question of the conservation of our natural resources. The purpose of the bill is to bring the



attention of the various departments, chiefly the Biological Survey and the Bureau of Forestry of the Department of Agriculture, and the Department of the Interior, to the necessity at all times of considering and protecting these resources.

I very much hope that the bill will pass, because there is a large and a growing interest all over the country in this particular effort to save our natural resources.

Mr. DILL. Mr. President—

The VICE PRESIDENT. Does the Senator from Connecticut yield to the Senator from Washington?

Mr. WALCOTT. I yield.

Mr. DILL. Mr. President, has this bill ever previously been before Congress?

Mr. WALCOTT. This bill has never been before Congress; it is a new bill; but it has been considered by the select Senate committee.

Mr. DILL. I have not had time to examine the bill with any care, and I should like to ask the Senator this question: Does the bill propose to authorize the appointment of additional game wardens or other Federal employees?

Mr. WALCOTT. No; it does not. It proposes no additional expenditure whatever and no additional personnel. The tendency of the bill, should it be enacted into law, should be to reduce somewhat the personnel, to reduce overlapping enterprises.

Mr. DILL. At whose instigation was this bill introduced?

Mr. WALCOTT. I do not think I understand the Senator's question.

Mr. DILL. In other words, what forces in the country are behind the bill?

Mr. WALCOTT. Various organizations are partially sponsors for it. It originated in the minds of the committee in cooperation with the various departments through the committee's effort to secure the facts pertaining to the conservation of wild life. By cross-questioning officials of the various departments chiefly concerned and by securing definite reports on this whole subject we found there were certain duplications of effort. Consequently we set to work in April last and devoted four months to the consideration of this whole subject with the heads of the various departments interested in the conservation of wild life. They sat in with us and they thoroughly approve the bill. The Izaak Walton League, the American Game Protective Association, and other associations interested in the conservation of wild life are very much interested in the passage of the bill, and believe that much good will come from its enactment into law.

Mr. DILL. I do not want to object to the bill or to make any fight against it; I am very much interested in the whole subject; but I think it is a bill of such magnitude and importance as to justify giving the Senate a little more time to examine it and find out just what it proposes to do.

Mr. HAWES. Mr. President—

The VICE PRESIDENT. Does the Senator from Connecticut yield to the Senator from Missouri?

Mr. WALCOTT. I do.

Mr. HAWES. I will say to the Senator from Washington that the Special Committee on Conservation of Wild-Life Resources has been making extensive investigation in various portions of the United States and has ascertained that there exists to-day a real emergency. Never before in our history have we been confronted with such a shortage of game as exists to-day.

This bill does not carry a dollar of appropriation; it does not put a single additional man upon the Government pay roll. All it does is to seek a coordination of effort between the present agencies of the Government so that they may work together in the effort to conserve the wild life of the country.

Our committee had before it the heads of every executive department of the United States Government having to do with the subject. They all approved this bill, and we are very anxious that it pass immediately, so that it may be given consideration on the House side. We should like to have it go over there at once. I assure the Senator from

Washington that there is no particular force back of the bill. There is no objection to the bill. The bill is the thought of the five Senators on the Committee on Conservation of Wild-Life Resources.

Mr. McKELLAR. Mr. President, will the Senator yield?

Mr. HAWES. Certainly.

Mr. McKELLAR. Was the committee unanimous in its report?

Mr. HAWES. Not only is the committee unanimous but the heads of the various executive departments of the Government having to do with the subject are in favor of the bill.

Mr. McKELLAR. I notice in the bill as reported that its first purpose is to lend trained men to State commissions for aid in the work of investigation. To what extent is that effort to be carried on?

Mr. HAWES. The Senator is now getting into a large subject.

Mr. McKELLAR. I understand that; but we ought to know whether we are going to have additional men put on the pay rolls. The Senator said there would be no appropriation required by this bill, but it is manifest if we lend trained men to State commissions that it will require a great many men for that purpose. Therefore the appropriations will be greatly increased. I was just wondering if the Senator from Missouri or the Senator who is chairman of the committee would tell the Senate just what the increase would amount to?

Mr. HAWES. In dollars and cents it will not amount to anything, because there is no appropriation in the bill, and none is required.

What the provision to which the Senator referred means is this: In the State of Tennessee there is a very able conservation commission, but, with its limited resources, it can not make a scientific study of the destruction by predatory animals and that sort of thing. The ultimate hope of this bill is that it will develop trained men who may be loaned temporarily to the State of Tennessee, and the colleges of Tennessee, for instance, to explain these different subjects. The bill, however, does not increase the personnel of the Government service one man nor does it call for a dollar of appropriation.

If the Senator would like to have an illustration of what it will do, I will tell him. Some years ago the Congress passed what is called the upper Mississippi wild life bill. The last Congress appropriated \$90,000,000 for building dams and impounding the waters of the upper Mississippi River. By consulting with the Chief of Engineers we found that we could preserve the wild life and the fish life there by erecting six dams instead of one dam at a less cost to the Government. The conferences held between the Chief of Engineers and our committee were informal; but all in the world this bill proposes to do is to provide the machinery for exchange of ideas and discussion between the heads of the executive departments of the Government. I assure the Senator from Tennessee that there is no provision in the bill for any additional personnel.

Mr. VANDENBERG. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Missouri yield to the Senator from Michigan?

Mr. HAWES. I yield.

Mr. VANDENBERG. Will the Senator make it plain, please, whether in relation to cooperation with the States there is any invasion of the jurisdiction of the conservation departments of the States?

Mr. HAWES. There is none whatever.

Mr. President, I hope this bill may be passed.

Mr. PITTMAN. Mr. President, I simply wish to indorse what has been said by the Senator from Connecticut [Mr. WALCOTT] and the Senator from Missouri [Mr. HAWES]. I am a member of the committee which considered this subject, and I participated in the study of it. We now have a Bureau of Biological Survey, a Bureau of Fisheries, and so forth, and we have some very expert men in those branches of the service. They have studied not only animal diseases and destruction of wild life caused by predatory



animals but they have studied also the raising of upland birds and matters of that kind, and they already have acquired a great deal of information that should be made available to the State commissions if they shall desire to use it. However, as has been stated, it is only on the invitation of the State commissions that the contemplated aid will be rendered. I can not conceive of any way in which the enactment of the bill will increase the cost to the Government; in fact, if there shall be a coordination between the Forest Service, the Park Service, the Biological Survey, and the Commissioner of Fisheries, not only should the work be performed more effectively but there should result a material reduction in cost.

Mr. BLAINE. Mr. President, I am sorry that I can not agree with the interpretation placed on this bill by the distinguished Senator from Missouri [Mr. Hawes]. I want to call the attention of the Senate to section 8, for I propose to submit an amendment to strike out that section, which is a coercive measure, and will be very effective in its operations if it shall be adopted.

Section 8 is designed to coerce States into the adoption of laws dictated by a department in Washington, and it is proposed to be done by a sort of underhanded scheme; that is, appropriations shall not be used in any State under the terms of section 8 unless such State shall have enacted certain specific laws relating to the protection of fish and game demanded and dictated by the Federal Government. Section 8 means the surrender of the sovereignty of the State, of the right of the State to enact its own laws in the exercise of its police powers respecting the subject of fish and game. I think section 8 is as plain as the English language can make it. Section 8 provides that—

Appropriations for the propagation of game and fish shall not be expended for stocking areas within any State in which, in the judgment of the Secretary of Agriculture with respect to game and fur-bearing animals, or the Secretary of Commerce with respect to fish, there are not adequate laws for the protection of such animals or fish.

Under that provision, if the Secretary of Agriculture or the Secretary of Commerce, in their opinion, conclude that there are not sufficient protective laws within a State, then that State is to be deprived of all appropriations under this bill.

Further, identically the same theory is carried out, only a little more vigorously. These appropriations for the propagation of game and fish shall not be expended—

in any State in which the Director of the Bureau of Biological Survey or the Commissioner of Fisheries or their duly authorized agents are not accorded full and free right to conduct such operations, and all operations necessary therefor, in such manner and at such times as is considered necessary and proper by the said heads of these bureaus or their agents.

Let us examine into the effect of that provision. For instance, take the Upper Mississippi Valley Wild Life Refuge, the States located within what is known as the Northwest Territory.

Mr. HAWES. Mr. President—

The VICE PRESIDENT. Does the Senator from Wisconsin yield to the Senator from Missouri?

Mr. BLAINE. I do.

Mr. HAWES. Let me say to the Senator that if the section would do what he thinks it would do, I should be opposed to it; and, so far as I am concerned, it may be stricken out, because if there is any one thing that I do not want to advocate it is dictation of the Federal Government over the departments of the States.

Would it satisfy the Senator if section 8 were stricken out?

Mr. BLAINE. I see no particular objection to the bill if section 8 is stricken out; but I desire to conclude what I was about to say regarding the effect of this measure as applied to the States located in the northwest territory.

Under the Ordinance of the Northwest Territory those States are guaranteed certain rights respecting fishing, as binding upon the Federal Government as is any part of the Constitution. When the Government established the Upper Mississippi Valley Wild Life Refuge, the State of Wisconsin

accepted that, reserving, however, coordinate power, concurrent power, reserving its rights under the Ordinance of the Northwest Territory, and reserving all other rights that were reserved by the respective States of Minnesota, Iowa, Illinois, and Missouri, if it affected Missouri.

Those rights ought not to be set aside, the guaranties under the Ordinance of the Northwest Territory ought not to be set aside, upon the judgment and the dictation of some subordinate official of the Federal Government; and yet, under section 8, if it were to become a part of the law of this land, we would at once have a contest on.

Moreover, that contest would be resolved in favor of the Federal Government before it began, because by this section the Federal Government says that not one dollar of appropriations shall be expended in that area for any of the purposes designed by the bill unless the State of Wisconsin and other States likewise situated surrender their sovereign power and the rights that are guaranteed to them; and as it affects that area it will affect every State in the Union—every one of them. They are not all likewise situated; but every State in the Union has its police power, and in the exercise of that police power it passes laws for the protection and conservation of wild life; and yet, if those laws do not meet with the approval of a Government official, the Government of the United States says that no money shall be spent within the boundaries of that State!

I shall not carry on this discussion further; but I think it is very clear that section 8 by all means should be stricken out, and I offer an amendment for that purpose.

Mr. SHORTRIDGE. Mr. President, I rise merely to ask a question of the Senator. What would happen if the Federal Government made appropriations and the States did not make like appropriations? What would be left of the bill?

Mr. BLAINE. I might suggest to the Senator that the bill is not designed as an aid to the States, and does not make appropriations to be met by the States; but no appropriation can be expended by the Federal Government in any State for any of the purposes set forth in the bill if, in the judgment of any of the departments or their agents, they decide that the laws of that State do not conform with their opinion of what the laws ought to be.

Mr. SHORTRIDGE. Could the Federal Government make appropriations to carry on the work that the Congress thought necessary?

Mr. BLAINE. The Federal Government, of course, can make an appropriation to carry on any appropriate undertaking on the part of the Federal Government; but—

Mr. SHORTRIDGE. Within the given State, say of Wisconsin?

Mr. BLAINE. But this section says that no such appropriation shall be expended in any State that does not conform its laws to the judgment of a Federal official.

Mr. SHORTRIDGE. But if section 8 is eliminated from the bill?

Mr. BLAINE. Then, of course, all of that is set aside.

Mr. SHORTRIDGE. Then the Federal Government could make appropriations to carry on conservation in a given State without the consent of the State?

Mr. BLAINE. No; then the bill would not deal with appropriations in any way whatever; but, as I understand, merely with coordination of the several departments. To that I have no objection.

I offer my amendment, Mr. President.

The VICE PRESIDENT. The amendment can be offered at the proper time.

Mr. WALSH of Montana. Mr. President, I rise simply to address myself to the suggestion made that this bill involves no additional expense at all on the part of the Government. It is said that it carries no appropriation, which is true; but, of course, the most casual study of the bill will disclose to anyone that it will, as a matter of fact, add to the general expenditures of the Government, and that when the various departments come to present their estimates, if they desire to exercise the authority conveyed by this bill they will, of course, ask appropriations to carry out the authority thus conferred upon them.



For instance, in section 4:

Before any public works or other improvement project likely to affect wild life (including aquatic life, bird life, animal life, and plant life) is constructed, the project shall be referred to a board of inquiry—

That, of course, includes all rivers and harbors; it includes all reclamation work; it includes all flood-control work. That must be referred to the committee.

The project shall be referred to a board of inquiry—

Whose members shall be designated by the President, one each from the Bureau of Biological Survey, the Bureau of Fisheries, the Forest Service, and the National Park Service, and any other agency or establishment of the Government whose activities are or may be involved.

Thus, they are authorized to make inquiry.

Then the bill provides:

Such board shall investigate the project and submit its recommendations to the President, who shall have full authority to impose such restrictions in the construction of such project as he may deem desirable in the interests of wild-life conservation.

Of course, an appropriation will be necessary to carry out the authority thus conveyed. The board of inquiry will be obliged to send experts and students to look into the particular project on the ground, and to make a report; and all that, as a matter of course, involves more or less expense.

This is simply an authorization to the board of inquiry. The board of inquiry may deem it inadvisable to conduct any investigation. It may conduct it or it may not, as it sees fit. It is authorized to do it; but if it should do it—and usually, as Senators know, these boards expand—it necessarily involves no little expense.

Again, in section 5:

In the event that any department of the United States Government has for disposal any lands that are of no further use to such department for the purpose or purposes for which such areas were acquired or taken under administration, and if such lands are not required for other principal purposes by that or other departments, such areas shall first be offered to other various governmental agencies authorized by Congress to engage in the conservation of wild life, including fishes and forests, to ascertain if such areas are suitable and are desired to be taken under administration by such Federal conservation agencies to assist in carrying out the purposes of this act. Whenever such areas having been so offered shall upon investigation be found to be suitable for these purposes—

Which, of course, implies that an investigation of the particular purpose should be made for the purpose of determining whether steps ought to be taken to conserve wild life in connection with it.

I do not mean to say that all these things are not very desirable indeed. Indeed, I am in hearty sympathy with the idea of preserving the wild life of the country, and particularly of increasing it, so far as it furnishes food supplies to the people; but let us not deceive ourselves into the belief that this bill does not mean additional expenses to the Government.

Then you will find, all along down the list, that these surveys are to be made. Section 7:

The Bureau of Biological Survey and the Bureau of Fisheries are hereby authorized to make surveys of the wild-life resources of the public domain, or of any lands owned or leased by the Government, to conduct such investigations as may be necessary for the development of a program for the maintenance of an adequate supply of wild life in these areas, to establish game farms and fish-cultural stations commensurate with the need for replenishing the supply of game and fur-bearing animals and fish thereon, and, in cooperation with the National Park Service, the Forest Service, or other Federal agencies, the State agencies, to coordinate and establish adequate measures for wild-life control on such areas.

In these distressful times I rather regret this proposal thus to expand the powers and duties of these various departments of the Government.

Mr. HAWES. Mr. President, there are 13,000,000 men and women scattered through the 48 States who pay an annual license fee for the privilege of hunting and fishing; and the American public invests annually \$650,000,000 in these forms of outdoor recreation.

I know the Senator from Montana is sympathetic with the general idea of this bill; and it may be well to explain how it would operate.

For instance, the Senator referred to flood control. Our Government has worked out two plans for relieving the flood waters in the lower Mississippi Valley. One involves a spillway of some 100 miles on one side of the river and another project involves a spillway of 125 miles on the other side of the river.

In that gigantic problem, involving some \$300,000,000, all we are asking is that the Biological Survey and the Bureau of Fisheries shall consult and advise with the engineers as to the best way to proceed with the construction, but giving consideration to conserving wild life. That is all the bill is intended to do.

The Biological Survey and the Bureau of Fisheries have examiners now. They have their experts. They could tell just what animals and just what fish would prosper and grow in particular areas. All this bill is intended to accomplish is that the National Park Service, the Bureau of Fisheries, the Biological Survey, and the Interior Department shall, in making improvements and in spending Government money, consider the conservation of wild life.

That has not heretofore been done. The Bureau of Fisheries had under its jurisdiction one subject, the Biological Survey has another subject, the Bureau of Indian Affairs has another subject, and the Bureau of Engineers still a fourth subject. All this bill requires is that in considering these developments, and in spending Federal money, the wild-life resources of our country should be carefully considered.

Mr. President, our committee for long months this summer consulted with the head of every executive department in the Government. We have had long statistical reports. We have the result of our own investigations, and of the investigations of these departments. We do not believe this would cost an additional dollar. We believe, on the contrary, that it would be a Government economy, because the cooperation, the coordination, the explanation, and the exchange of opinion of these different departments will bring economy in service.

I may say, Mr. President, in perfect frankness, that we have another bill which may call for an expenditure of money for a great game farm, but that is not in this bill. All this bill intends to do is to secure a meeting of minds of the different departments of the Government and to have called to their attention the reckless waste of wild game and fish life in America.

Mr. DILL. Mr. President—

The VICE PRESIDENT. Does the Senator from Missouri yield to the Senator from Washington?

Mr. HAWES. I yield.

Mr. DILL. I would like to ask the Senator this question: Is there anything now which prevents the department heads and the secretaries herein referred to, or their appointees, from conferring and doing the very things this bill authorizes them to do? This bill does not provide for the consolidation of anything. It just provides that they can cooperate. Can they not do that anyhow?

Mr. HAWES. These department heads met with our committee during the summer and, as the report shows very clearly, they cooperated very intelligently and very faithfully. But that is a voluntary cooperation. There is no instruction in the law, there is no directing force back of that cooperation. This bill simply proposes that they shall consult from time to time when these great projects arise.

Mr. DILL. Mr. President, will not this be the practical result of this bill, that after it becomes a law, with this statute directing the departments to cooperate, each department will want additional employees to take charge of this cooperation in these different departments? It is proposed that there be set up in each department a sort of wild life bureau, which will be entirely unnecessary, it seems to me, and will be an additional burden of bureaus upon the Government.

Mr. HAWES. Mr. President, we carefully avoided that. There is in the minds of the conservationists of the country the thought of one great department of conservation, under which all these branches would be united, either with a place



in the President's Cabinet or an under secretary; but, as our report points out, the investigation of our committee has not reached that point where we believe we are justified in recommending a new department of that kind. In the meantime this bill would direct the heads of departments to the necessity of considering conservation in connection with public work.

Mr. President, we formerly had three months of duck shooting in the United States. We now have only one. We find that our black bass are disappearing and that our quail are disappearing. There is complaint from every commission of the 48 States about the game conditions and the fish conditions in the United States. All this bill is intended to do, and all, in my opinion, that it would do, would be to move the situation from voluntary cooperation to one where cooperation would be directed.

Mr. DILL. Let me call the Senator's attention to section 4:

Before any public works or other improvement project likely to affect wild life (including aquatic life, bird life, animal life, and plant life) is constructed, the project shall be referred to a board of inquiry, whose members shall be designated by the President, one each from the Bureau of Biological Survey, the Bureau of Fisheries, the Forest Service, and the National Park Service, and any other agency or establishment of the Government whose activities are or may be involved.

The Senator is proposing to create a board here to pass on every dam that is to be built on any river in the United States. He is proposing to set up here another organization besides the Power Commission, for that matter, to pass on such questions.

May I ask the Senator this: Has there been any disposition on the part of the Power Commission not to regard wild life in the granting of licenses?

Mr. HAWES. Mr. President, the difficulty has been that none of these commissions have given consideration to the subject of wild life in America. In our investigations we find that there is not a single department of the Government, there is not a single Cabinet officer, who does not in some way come in contact with the problem of conservation of wild life. This bill, for the first time officially, calls the attention of these departments to the necessity of cooperation. It would not result in stopping any public work; of course, no member of our committee would say that a great dam project should be endangered for the protection of fish or wild life of any kind. But it does call to the attention of these departments the fact that in considering these problems they should add to the practical, mechanical considerations the thought of conserving the wild life of the Nation.

Mr. McKELLAR. Mr. President—

The VICE PRESIDENT. Does the Senator from Missouri yield to the Senator from Tennessee?

Mr. HAWES. I yield.

Mr. McKELLAR. The Senator states that this is the first attempt that has been made really to get cooperation in the conservation of wild life in America. I call the Senator's attention to the Budget report, pages 137 to 145, which shows that the President has recommended to the Congress for the coming fiscal year an appropriation of \$1,794,710 for the conservation of wild life during the year, and it is proposed that there be set up 13 different bureaus in the Department of Agriculture for the purpose of conserving wild life in America for the coming year.

I want to call the Senator's attention to the very first act which was passed which provides especially for the very thing the Senator now argues this bill for the first time provides for. I read from page 137:

For salaries and employment of labor in the city of Washington, \* \* \* including cooperation with Federal, State, county, or other agencies or with farm bureaus, organizations, or individuals.

That first law sets up bureaus and provides for the payment of salaries in the sum of \$83,135, of which \$78,543 is for personal salaries, paid largely here in the District of Columbia.

Then there are 12 other bureaus set up here in the Department of Agriculture, just where this additional bureau will be set up later on if this bill passes, for the preserva-

tion of wild life, all of them having the very purpose set out in the Senator's bill.

Under those circumstances, where the administration has cut this appropriation for the conservation of wild life from \$2,229,170 to \$1,794,710, it seems to me that at such a time as this we should not come along and set up an additional bureau in the Department of Agriculture, and perhaps one in the Department of Commerce, and possibly one in the War Department.

I am in favor of the conservation of wild life, but just at this time, when we are spending \$1,794,000 in the conservation of wild life, I think is an unfortunate time to add other bureaus and other departments to help do the same job these 13 bureaus are already doing.

Mr. HAWES. Mr. President, as a matter of fact, the Senator was reading the report of expenditures which have been going on for many, many years in the Government.

Mr. McKELLAR. Yes; and this is just another bureau.

Mr. HAWES. There is no proposal to increase the Budget for next year. There will be a big decrease. We do not propose to create a single department of the Government. The Senator seems to be under the impression that we were proposing a very unusual appropriation this year, when, as a matter of fact, we are not. The Senator seems to be under the impression that we are creating new agencies, which we are not doing.

Mr. McKELLAR. Will the Senator yield further?

Mr. HAWES. I yield.

Mr. McKELLAR. I have been here a long time, and I happen to be a member of the Appropriations Committee, and know what I am talking about when I say that I have never known of a bill like this passing without this happening, that as soon as the bill becomes a law, in the consideration of the very next deficiency bill, a recommendation is made from the department, sent to us by the Executive, for an appropriation to carry out what is provided for in such a bill as this. I will say to the Senator that I believe that when we are now spending the enormous sum of \$1,794,000 for the conservation of wild life in America, with men and women hungry in our country, we could let this bill go by for a little while. With 13 bureaus already established in the Department of Agriculture alone for this very purpose, it seems to me we might wait a little longer.

Mr. BORAH. Mr. President, may I ask the Senator from Missouri a question? The Senator from Tennessee says there are 13 bureaus doing this same work. Are there 13 bureaus engaged in the preservation of wild life?

Mr. HAWES. No.

Mr. McKELLAR. Will the Senator yield to me?

Mr. HAWES. I yield.

Mr. McKELLAR. I hand the Senator from Idaho the 1933 Budget, and ask him to look for himself under the head of Biological Survey, on page 137, where he will see that there are 13 bureaus.

Mr. HAWES. Mr. President, the bill does not create a new bureau. The amount of money appropriated this year is less than the amount appropriated last year. The carrying out of the provisions of the bill will not cost a single dollar. That is the opinion of the five Senators who spent long, weary months investigating the matter. That is the opinion of the heads of the departments. It means simply a cooperation of effort, if you please, a correlation of effort.

Mr. President, before I yield the floor may I say that I had not intended to discuss this matter. It seemed simply a process of bringing together the minds of the heads of the different departments so that they could concentrate upon the subject. The bill does not propose to give them any new power, no power which they did not formerly possess. The only thing it does is to propose that when great public works are undertaken, consideration shall be given to the wild-life resources of that vicinity.

May I repeat that the American public spends some \$650,000,000 a year in its outdoor recreation and that 13,000,000 men and women take out licenses for that purpose. There will be another measure presented by our committee which will call for an appropriation of money, and I hope that bill



will be considered and discussed upon its merits. But there is not in the bill now before us anything that extends the activities of the departments or that extends their jurisdiction or extends the personnel of the Government. All it does is to ask that they shall sit together in conference when public enterprises are undertaken and give thought to the subject of wild-life conservation.

Mr. McKELLAR. Mr. President, will the Senator yield again?

The PRESIDING OFFICER (Mr. COUZENS in the chair). Does the Senator from Missouri yield to the Senator from Tennessee?

Mr. HAWES. I yield.

Mr. McKELLAR. Perhaps the objection I have raised can be obviated by a simple amendment which would provide that under no condition shall any additional appropriation be made for the purpose of carrying out the provisions of the bill or any part of it. If that language is put in the bill, we can easily come to a conclusion about it.

Mr. HAWES. That is the thought back of the bill, that it shall not cost any additional money.

Mr. WALSH of Montana. Mr. President—

The PRESIDING OFFICER. Does the Senator from Missouri yield to the Senator from Montana?

Mr. HAWES. I yield.

Mr. WALSH of Montana. Let me inquire of the Senator from Missouri whether the first process under the bill will not be to establish a board of inquiry, under the provisions of section 4? When that board of inquiry is established, of course, it will have to keep a record of its proceedings. It will have to have an executive secretary to keep a record to tell what the board did, what its resolutions have been, and what its course of action has been. That means an office force. Whenever a public work is contemplated or is under process, an investigation must be made, and the board of inquiry must have the necessary force with which to carry on the investigation. How can it be done without an additional expenditure?

Mr. HAWES. I do not anticipate there will be any additional expense. As a practical illustration, take one of the great projects that we know of, the spillway in the Mississippi Valley. All that would be necessary to do would be to have the Biological Survey, on the one side, and the Bureau of Fisheries, on the other side, report to whoever is undertaking that work for the Government that this kind of construction would be helpful and that kind of construction would be harmful.

Mr. WALSH of Montana. But let us take the first proposition. When the board of inquiry is created, will it not be necessary to have a secretary who will have charge of the records of the board, for instance, and keep an account of what it does? Will it not likewise be necessary to have some one sent out to make the inquiry contemplated by the provisions of the bill?

Mr. HAWES. The agency is there now to make the inquiry.

Mr. BORAH. Mr. President—

The PRESIDING OFFICER. Does the Senator from Missouri yield to the Senator from Idaho?

Mr. HAWES. I yield.

Mr. BORAH. I have not had time to read the bill very carefully, but there are some things which at the first reading seem to me to be very important to our part of the country. The bill provides:

Hereafter, whenever any dam is authorized to be constructed either by the Federal Government itself, or by any private agency under Government permit, the Bureau of Fisheries shall be consulted and before such construction is begun or permit granted, when deemed necessary, due and adequate provision shall be made for the migration of fish life from the upper to the lower and from the lower to the upper waters of said dam by means of fish lifts, ladders, or other devices.

Does the bill go any further than simply to provide that the Bureau of Fisheries shall be consulted with reference to the manner of preserving the fish in the reservoir?

Mr. HAWES. That is all. It is not compulsory.

Mr. BORAH. They do not have any authority to stay the building of a dam?

Mr. HAWES. No. At the present time it is not even their duty to call attention to the matter.

Mr. DILL. Mr. President—

The PRESIDING OFFICER. Does the Senator from Missouri yield to the Senator from Washington?

Mr. HAWES. I yield.

Mr. DILL. I invite attention to section 4 of the bill, under which the President is required to appoint a separate commission to pass on that question. It provides that the President may impose restrictions as the result of that investigation.

Mr. BORAH. Section 4 of the bill reads as follows:

SEC. 4. Before any public works or other improvement project likely to affect wild life (including aquatic life, bird life, animal life, and plant life) is constructed, the project shall be referred to a board of inquiry, whose members shall be designated by the President, one each from the Bureau of Biological Survey, the Bureau of Fisheries, the Forest Service, and the National Park Service, and any other agency or establishment of the Government whose activities are or may be involved. Such board shall investigate the project and submit its recommendations to the President, who shall have full authority to impose such restrictions in the construction of such project as he may deem desirable in the interests of wild-life conservation.

That raises the question as to whether or not the project shall go forward.

Mr. HAWES. I invite the Senator's attention to the language on page 3, section 3, where we have inserted this qualifying provision: That none of the recommendations shall be "inconsistent with the primary use of the waters and/or the constitutional rights of the States."

Mr. BORAH. Where is that language to be found?

Mr. HAWES. On page 3 of the bill. If further language is required to make that clearer, I have no objection.

Mr. VANDENBERG. Mr. President—

The PRESIDING OFFICER. Does the Senator from Missouri yield to the Senator from Michigan?

Mr. HAWES. I yield.

Mr. VANDENBERG. In response to a recent question from me the Senator gave me his opinion that there is no invasion of the jurisdiction of State conservation authorities in the bill. May I ask whether the authority described in section 8, which seems to give the Secretary of Agriculture and the Secretary of Commerce a right of veto upon appropriations by the States, is an existing power or a new one?

Mr. HAWES. It is a policy or regulation, as I understand it, that has always been observed in the past. But, as the Senator from Wisconsin [Mr. BLAINE] has raised the question that this may confer some arbitrary power in the Federal Government over the States, so far as our committee is concerned—I have not conferred with all of them, but I believe they will agree—section 8 may be stricken out.

Mr. VANDENBERG. I think that would be wise under the circumstances.

Mr. McKELLAR. Mr. President, I would like to offer an amendment if it is in order.

Mr. DILL. There is an amendment pending.

The PRESIDING OFFICER. The amendment of the Senator from Wisconsin [Mr. BLAINE] is pending, to strike out section 8.

Mr. McKELLAR. May I offer an amendment to lie on the table and be called up at a later time?

The PRESIDING OFFICER. That may be done.

Mr. McKELLAR. I propose to amend the bill, on page 7, line 9, by striking out the period after the word "act" and inserting a semicolon and the following language:

*Provided*, That no authority is given in this bill for setting up any additional bureau or division in any department or commission, and shall not authorize any additional appropriation for carrying out its purposes.

Mr. DILL. Mr. President, I should like to offer an amendment and have it pending. I move, on page 4, lines 14 to 16, inclusive, to strike out section 4, in the following language:



SEC. 4. Before any public works or other improvement project likely to affect wild life (including aquatic life, bird life, animal life, and plant life) is constructed, the project shall be referred to a board of inquiry, whose members shall be designated by the President, one each from the Bureau of Biological Survey, the Bureau of Fisheries, the Forest Service, and the National Park Service, and any other agency or establishment of the Government whose activities are or may be involved. Such board shall investigate the project and submit its recommendations to the President, who shall have full authority to impose such restrictions in the construction of such project as he may deem desirable in the interests of wild-life conservation.

Mr. KENDRICK. Mr. President, I desire to ask the Senator in charge of the bill whether it is the intention to proceed to-day with the consideration of the bill to its conclusion?

Mr. WALCOTT. Mr. President, I am perfectly agreeable to letting the bill go over until to-morrow, providing it does not lose its place on the calendar.

Mr. KENDRICK. I hope the Senator will do that, because I wish to offer an amendment to the bill and would like an opportunity and time to prepare it.

Mr. McNARY. Mr. President, the parliamentary situation is that under objection the bill will go over unless a motion is made to make it the unfinished business.

Mr. DILL. I understand not to-day.

Mr. McNARY. I am very sure of my position. In any event, if the Senator from Connecticut [Mr. WALCOTT] desires, he can ask unanimous consent that the bill go over without losing its place.

Mr. WALCOTT. I submit that request.

Mr. FLETCHER. Mr. President, I understand that section 8 has already been stricken out. Has that amendment been agreed to?

The PRESIDING OFFICER (Mr. BRATTON in the chair). That amendment is the pending question.

Mr. FLETCHER. I understood the Senator from Missouri [Mr. HAWES] to say that the committee was agreeable to having it stricken out, so we might as well dispose of that now.

Mr. McNARY. I think the whole matter should go over.

The PRESIDING OFFICER. Is there objection to the unanimous-consent request submitted by the Senator from Connecticut that the bill go over without losing its place? The Chair hears none, and it is so ordered.

#### INTERGOVERNMENTAL INDEBTEDNESS

Mr. McKELLAR. Mr. President, I desire to discuss the subject of the proposed Hoover moratorium. Some years ago, and extending over quite a period of time, what are known as the foreign debts were settled by a Debt Funding Commission composed of the then Secretary of Commerce, Mr. Hoover; former Senator Burton, of Ohio; the then Secretary of State, Mr. Hughes; the senior Senator from Utah, Mr. Smoot; and the Secretary of the Treasury, Mr. Mellon. So far as I can recall, these gentlemen composed the membership of the commission when the debts were really settled. That commission finally settled the debts known as foreign debts owing to this country by virtually canceling the entire war debt. I believe some time after its organization, Messrs. CRISP, of Georgia, and OLNEY, of Massachusetts, were added to the commission.

Mr. President, the various debts that were owed to us by our allies were incurred for two purposes. The first purpose was for them to carry on the war. After the war was over they again borrowed money from us for the purpose of rehabilitating their several countries. The substance of what our Foreign Debt Commission did, as I shall more specifically point out in a moment, was to cancel the war debts and leave the postarmistice or commercial debts to be paid over a period of 62 years, the debtors paying some principal and some interest each year.

Mr. President, last June a propaganda campaign was started in this country for the purpose of bringing about a moratorium. That campaign was started by the President of the United States, Mr. Hoover. He stated the other day in his message to Congress that it was done by his initiative. Foreign nations owe us enormous sums of money. They had been paying us regularly; the debts had been adjusted to

their satisfaction; none of them was complaining of those debts, so far as the general public knew. Not a single proposal on the part of any foreign nation, so far as I ever heard, had been advanced for a moratorium or for the cancellation of its debts; such a proposal had not been made to our Government; but, like a bolt out of a clear sky, the President announced that he had arranged a moratorium, that he had polled the Senate and the House of Representatives, and that he had found that a majority of Congress favored a moratorium as he favored it.

In the first place, Mr. President, I want to say that that is a new method of legislation in our Government. Under our Constitution the President has the initiative in all matters in our foreign relations, of course; but before an agreement can be made with a foreign government, it is necessary either to have the sanction of the Senate or to have the sanction of both Houses of Congress by legislative action.

If the President had wanted Congress to cooperate with him and to ratify the moratorium he had suggested, the legal way to have done it, the constitutional way to have accomplished that purpose would have been to call Congress in session and have it ratify what he had done as our representative in dealings with foreign nations. That course, however, was not pursued by him, but the statement was printed in the newspapers that a majority of both Houses thought the moratorium ought to be granted. I apprehend that that statement is correct. How correct it is I can not say. I have seen the figures resulting from the so-called poll, but I do not recall exactly what they are.

Now, Mr. President, I want to ask what is the real reason behind this proposed moratorium? So far as the public knew, no foreign government had asked for a moratorium. The Senator from California [Mr. JOHNSON] has offered a resolution asking for an investigation of the matter, and I want to say that I think that is a desirable step, and the Senator from California deserves the thanks of the taxpayers of this Nation for his timely act; for whatever else may be said, whatever may be the reason for the moratorium or for any of the subsequent steps that have been taken about it, the effect of the moratorium and the effect of those subsequent steps will be an entering wedge to the cancellation of the foreign debts that are due us, and according to the highest authority, Mr. Mellon, whose own words I shall quote in a few moments, and who was a member of the Debt Funding Commission, whenever those debts are canceled or partially remitted, it will to that extent mean a removal of tax burdens from foreign taxpayers and the placing of those tax burdens on the backs of the American taxpayers.

My objection to the moratorium is that the method of its accomplishment by the President is unknown to the American Constitution and to the American system of legislative action.

Mr. President, in my humble judgment, there never was a more inopportune time for the American Government to cancel, in whole or in part, these already compromised debts due us by foreign governments. With our Treasury already \$1,700,000,000 "in the red," with over 6,000,000 of our people out of employment, with business gone awry, with many of our great financial institutions failing, with people harder up financially in this country than perhaps ever before in our history, it seems to me to be a wholly inopportune time to take tax burdens from the backs of the people of other nations, who justly owe us, and impose those burdens on the already overburdened taxpayers of this Nation. I want, as one Representative in this body, to protest against such action.

What is the purpose of this moratorium? I take it that when the committee, of which the Senator from California [Mr. JOHNSON] is a member, shall report, it will go more accurately into that question, but I want to suggest what I believe is the purpose.

Mr. President, since the war our international bankers have loaned enormous sums of money to European nations. I saw in one newspaper where our private bankers, interna-



tional bankers, wholly apart from the debt that Germany may owe this Government, had loaned to German citizens or corporations or municipalities something like \$3,000,000,000. They loaned this money with their eyes wide open. They knew these national debts existed. They loaned it for purely private gain. They loaned their private money all over Europe, and then when Europe got hard up, when prosperity was no longer there, or these gentlemen thought it was no longer there, the gentlemen who have been loaning their money in foreign countries wanted to get it back; they wanted to be certain that it would be repaid; and they saw, as I believe, that the Government obligations of foreign countries to the United States were standing in their way. What did they do? They immediately started a propaganda for the cancellation of the national foreign debts due us. Their first plea was that it would make other people feel more kindly toward us, that it would put those foreign nations in a good humor toward us. Another plea was that it would increase our foreign trade, that it would give these foreign countries some money with which to trade with us. The idea of submitting an argument like that, when we have such a high tariff wall around our country that foreign nations are virtually prohibited from trading with us.

It could not be that reason. So what is the reason? It seems to me that there can be but one reason, and that reason is that our international bankers want to put the debts due them ahead of the debts due the Government of the United States.

Mr. COPELAND. Mr. President, will the Senator yield?

Mr. McKELLAR. I will yield in just a moment. They want the debts which foreign governments owe us canceled, so as to make the payment of their own private debts assured.

None of these international bankers are hungry. None of them are starving. None of them are without clothes or without shoes. For the most part they are living in luxury still, and will continue to do so, even if this enormous indebtedness is not canceled for their benefit.

To cancel this indebtedness for their benefit, while millions of men and women are without employment in this country, some of them hungry, would be little short of criminal, and I do not believe the Congress will ever agree to it.

I have no quarrel with the international bankers; I presume they are doing just what anyone self-interested as they are would do; I am not blaming them for the course which they take; but, as a representative of all the people, I want to say it seems to me that the rights of all the people should be protected as well as the rights of international bankers, and that these debts owing to our Government, owing to all the people collectively, should not be canceled in the interest of the better security of these private debts.

Mr. President, there has been a great deal said about a dole. I wish to say, right at the outset, that I am opposed to the dole system; I think England made a great mistake when she adopted the dole system; but if our international bankers can get their debts secured and paid in full by the cancellation of all the billions of dollars of public indebtedness that foreign nations owe to us, why is not that a dole to the international bankers? Not only is it a dole, but it is the most monstrous dole that was ever given by any government in the history of all time!

It is true that some newspapers have suggested that the reason the President was so insistent upon a moratorium and another debt-funding commission was that he was more interested in foreign nations than he was in America. I do not take any stock in that view. While I do not speak for President Hoover, of course, I do not believe he is more interested in any other government than he is in America; but I do believe that those who want these debts canceled for selfish reasons have interested Mr. Hoover in their behalf. At all events, he certainly takes their view and is working strenuously to put it into effect.

I first want to speak of the Debt Funding Commission and just how debts were funded. There are some foreign nations that call our Government "Uncle Shylock." I want to

say, after a very careful examination of the facts, that America has acted more generously, more splendidly generously, than any nation has ever acted in regard to a financial transaction in all history.

Mr. SMOOT. Mr. President, will the Senator yield?

Mr. McKELLAR. I yield.

Mr. SMOOT. I wish the Senator would also add that the Government of the United States has acted more generously than any other nation will ever act in a similar condition in the days to come.

Mr. McKELLAR. In my judgment, that is true. As I shall point out in a moment, we canceled all the war debts; we merely asked our foreign debtors to pay the commercial debts which were due us, and not even all of them. I want to take them up somewhat in order. I am going to refer only to four nations; the others are smaller and need not be mentioned.

The first one I desire to refer to is France. According to the report of the Debt Funding Commission, of which my distinguished friend across the aisle, the senior Senator from Utah [Mr. Smoot], was a member, France owed to us at the end of the war more than \$4,000,000,000. Let me get the figures. I want to have no mistake about them, Mr. President. The report gives it as \$4,025,000,000, on page 329.

Substantially all of France's war debts were canceled. All of Italy's war debts were canceled, and nearly half of her post-war debts were canceled. Belgium and other small nations were treated quite as well. That settlement left the war debts of all nations canceled except the so-called war debts of Great Britain; and when we come to examine the debts of Great Britain we find that all of her actual war debts were canceled, too, as I shall point out in a moment. I am sure the senior Senator from Utah will agree with me in that statement.

#### OFFICIAL FIGURES AS TO DEBTS OF PRINCIPAL EUROPEAN COUNTRIES TO THE UNITED STATES GROWING OUT OF THE WORLD WAR

##### BELGIUM

Total indebtedness refunded (act of April 30, 1926), \$417,780,000.

Of the foregoing, \$246,000,000, in round numbers, represents post-war advances. On page 168 of its Combined Annual Reports the World War Foreign Debt Commission said:

Repayment of the postarmistice debt, amounting at date to about \$246,000,000, has been arranged on the general lines accorded to other countries.

##### FRANCE

Total indebtedness refunded (act of December 18, 1929), \$4,025,000,000.

Of the foregoing, \$1,655,000,000 represents postwar advances. On page 272 of the report Secretary Mellon, under date of July 16, 1926, made the following statement:

For obligations incurred by France to America after the war ended, France owes us to-day \$1,655,000,000. The present value of the entire French-American settlement, at the rate of interest carried in France's existing obligations, is \$1,681,000,000. In effect, therefore, America has canceled the obligations of France for all advances during the war, and France in the Mellon-Berenger agreement has undertaken only to repay the advances and obligations subsequent to the armistice. No other creditor of France has accorded such generous treatment.

##### ITALY

Total indebtedness refunded (act of April 28, 1926), \$2,042,000,000.

Of the foregoing, \$616,869,197.96 represents post-war advances. On page 233 of the report the House Committee on Ways and Means, in reporting the debt settlement, says:

Of this total indebtedness \$1,030,000,000 was loaned before the armistice and \$616,869,197.96 after the armistice.

##### GREAT BRITAIN

Total indebtedness refunded (act of February 28, 1923), \$4,600,000,000.

Of the foregoing, \$581,000,000 represents post-war advances. On page 299 of the report a Treasury Department statement under date of July 20, 1926, says:

The total principal advances to England after the armistice were \$581,000,000.



The same statement includes an item of \$261,643,388.81 spent by Great Britain in the United States for silver, and further says:

Of this amount—

The amount of \$5,366,000,000 mentioned in the statement—

\$1,682,000,000 represents "exchange and cotton purchases." The greater part of this expenditure was for the maintenance of sterling exchange, not necessary for purchases in America, but which enabled England to make purchases in other countries at an undepreciated exchange rate; \$2,643,000,000 was for food and tobacco. A part of this item is probably included in the account out of which England was reimbursed by the other allies and a part was resold by England to its own civil population.

In a letter from Secretary Mellon, found on pages 302-306 of the report, he says (p. 304):

Let us see what relation the burden of our debt settlements bears to our loans after the armistice. \* \* \* In the case of England, postarmistice advances with interest amounted to \$660,000,000, and the present value of the entire debt settlement is \$3,297,000,000. It must be remembered that England borrowed a large proportion of its debts to us for purely commercial as distinguished from war purposes—to meet its commercial obligations maturing in America, to furnish India with silver, to buy food to be resold to its civilian population, and to maintain exchange. Our loans to England were not so much to provide war supplies as to furnish sterling for home and foreign needs and to save England from borrowing from its own people.

France's after-the-war indebtedness with interest amounts to \$1,655,000,000. The settlement negotiated by Ambassador Berenger with the American Debt Funding Commission has a present value of \$1,681,000,000.

Belgium's postarmistice borrowings with interest were \$258,000,000, and the present value of the settlement is \$192,000,000. \* \* \*

With Italy the situation is similar. Its postarmistice indebtedness with interest is \$800,000,000, and the present value of its debt settlement is \$426,000,000. \* \* \* In view of these facts, in what respect do you still believe America has been unfair to its allies? [Answering a criticism made by a correspondent in a letter to the President.]

Mr. SMOOT. Mr. President—

The VICE PRESIDENT. Does the Senator from Tennessee yield to the Senator from Utah?

Mr. McKELLAR. I yield.

Mr. SMOOT. I do not know whether or not the Senator plans to refer to the indebtedness of France in this connection.

Mr. McKELLAR. Yes; I do.

Mr. SMOOT. If the Senator will allow me for just a moment, in the settlement of the war debts with France we also included a debt that she owed for the purchase of American goods that were in France at the close of the war. She settled with us on the basis of \$407,000,000 for over two billions of American products. That was included and put in the obligation known as the war debts, or money that was advanced to her during the war and after the war.

Mr. McKELLAR. Yes.

Mr. SMOOT. I will also say to the Senator that there was more money advanced to France after the war than there was before the close of the war.

Mr. McKELLAR. Why, of course. Not only that, Mr. President, but under the act passed by the Congress in furtherance of the commission's report we did but about collect the postwar indebtedness of France. I want to read from the record for a moment.

These statements are made on the highest authority, Mr. President—the authority of Mr. Mellon and Mr. Hoover and Mr. Smoot and the other members of the commission when the then cancellations were being entered into.

I quote from Mr. Mellon's statement of July 16, 1926, in behalf of the World War Foreign Debt Commission, page 272 of the combined reports of that body. Mr. Mellon said:

The American settlement with France embraces all of France's indebtedness, and represents, in the opinion of the American commission, France's capacity to pay. For obligations incurred by France to America after the war ended, France owes us to-day \$1,655,000,000. The present value of the entire French-American settlement, at the rate of interest carried in France's existing obligations, is \$1,681,000,000. In effect, therefore, America has canceled the obligations of France for all advances during the war, and France in the Mellon-Berenger agreement has undertaken

only to repay the advances and obligations subsequent to the armistice. No other creditor of France has accorded such generous treatment.

And yet there are people in this country who talk about its being a true statement that the American Government is a Shylock and that it has acted as a Shylock toward France! These figures show how unjust such statements are.

I now quote from Mr. Mellon on Italy, July 14, 1926, page 304 of the report already referred to:

With Italy the situation is similar. Its postarmistice indebtedness with interest is \$800,000,000, and the present value of its debt settlement is \$426,000,000.

In other words, Mr. President, the facts reported by the Debt Funding Commission, reported by the President himself and by the Secretary of the Treasury and by the Senator from Utah [Mr. SMOOT], show that we canceled Italy's debt, and then virtually divided the postarmistice debt in half, and arranged for her to pay the last half of the postarmistice debt in 62 years.

Mr. Mellon goes on to say:

It is the same as regards Serbia. In view of these facts—

Says Mr. Mellon—

in what respect do you still believe America has been unfair to its allies?

America has not been unfair to her allies. She has already been marvelously generous to her allies.

It will thus be seen that according to Mr. Mellon we not only canceled the Italian war debt, but we canceled \$374,000,000 in addition to her war debt for the purpose of reestablishing her country and probably giving her the money to pay her soldiers a cash bonus, as we did with France, as we did with Great Britain, as we did with practically every other one of our allies.

Mr. President, we declined to pay our own soldiers a cash bonus, but we furnished to our allies the money to pay their soldiers a cash bonus after the war was over; and yet people talk about America being ungenerous and speak of our Government as "Uncle Shylock."

As to Belgium, Mr. Mellon, on page 304, says:

Belgium's postarmistice borrowings with interest were \$258,000,000, and the present value of the settlement is \$192,000,000.

Nearly a third removed!

Nearly a third canceled!

Mr. SMOOT. Forty-one per cent, as I remember.

Mr. McKELLAR. Forty-one per cent, as the Senator from Utah says.

In addition Belgium has a share of the German reparations sufficient to pay her prearmistice debt to America.

Belgium was treated with the greatest leniency.

Thus we find that we not only canceled Belgium's war debt but we canceled \$66,000,000 of her after-the-war debt; and now it is proposed by two—or shall I say three as I look at Senator Smoot?—of the members of that very debt funding commission further to cancel and cut down these debts!

I stop here long enough to read the Senate a statement made by Mr. Mellon. I desire to say here that I do not indorse all of Mr. Mellon's statements—far from it—but here is one that I indorse absolutely.

I quote from page 422 of the report heretofore referred to. Listen to this. What a splendid rule of conduct it is for the Senate to-day and for the Congress to-day!

Public officials—

Says Mr. Mellon—

Whether in the legislative or executive branch of the Government, are essentially trustees. They are trustees for the citizens of their own country.

A strange doctrine in these later days!

They are trustees for the citizens of their own country. They are not free to give away the property of the beneficiaries of the trust. An individual can do what he will with his own property. A public official, however, must keep firmly in view that he is dealing not with his own property but with the property intrusted to his care by the citizens of his country.



I also quote the following from Mr. Mellon.

On July 14, 1926, Mr. Mellon said (p. 305 of report of Debt Funding Commission):

When cancellation of debts is viewed from the standpoint of the United States, you fail to recognize that the Debt Commission, the President, and the Congress act, not in their individual capacities according to sentiment, but as trustees for those whom they represent, the American people. If these foreign debts are canceled the United States is not released from its obligation to pay the very bonds which were sold to our citizens to make the advances to the foreign governments. *We must collect through taxation from our people if our debtors do not pay to us what they can.*

Mr. President, let me say here that in dealing with these foreign debts—already as a whole pared down more than 50 per cent by the Debt Funding Commission, already dealt with in the most generous fashion—I want to ask each Senator and, if I may, each Congressman to remember Secretary Mellon's words when he says that we must keep firmly in view the fact that we are not dealing with our own property, but we are intrusted by the citizens of this country with their property, and we should deal with it as trustees. We have no moral right to give it away. We have no moral right to cancel it.

Again, says Mr. Mellon:

Moreover, those who urge a complete forgiveness of debts ignore entirely the effect upon the country whose debt is forgiven. All self-respecting people desire to discharge their obligations. This is true of nations as of men. It is true of France.

And I think it is true of all these nations, Mr. President. I want to say that I admire the self-respecting spirit, the sincerity, and the honesty of these foreign nations, having had all their war debts canceled, when they decline to ask for further cancellation of these debts. All honor to them! They are looking after the interests of their own people. It is our duty to act as trustees for our people in dealing with these great interests. I believe they will pay these just debts. I believe they want to pay these honest debts, money borrowed after the war to rehabilitate their countries.

I want to quote Mr. Mellon again on the subject of what happened.

In a public statement of May 5, 1927, about the British Government's offer to cancel, Mr. Mellon, among other things, said (p. 631):

By implication this means that should the United States further reduce British obligations to the United States, the British Government would cancel a like amount of obligations due to it from its debtors. It is very obvious that the British Government would neither lose nor gain in such a transaction. The United States Government is, however, in a very different position. The British Government is both creditor and debtor. The United States Government is a creditor only; and every dollar of debt canceled by the United States represents an increase by just that amount of the war burden borne by the American taxpayer.

No statement could be straighter or truer than that statement at this time. I hope my brother Senators will remember, when called upon either to vote on this moratorium or to vote on the reestablishment of the Debt Funding Commission or to vote on the cancellation of any of these debts, that whenever they vote to cancel them in whole or in part they are simply taking away the tax burdens of foreign nations which honestly, justly, and fairly owe these debts and putting those burdens upon the taxpayers of America. Of all times under the sun for putting additional tax burdens on the American people, to my mind, this is the poorest time that could ever be selected.

Mr. President, I said that, taking the debts as a whole, we canceled the war debts of all these countries. Apparently, an exception should be made to that statement in the case of Great Britain; but when we come to look into it, Senators, we find that exactly the same thing is true of Great Britain. I say so upon the authority of the Debt Funding Commission and upon the authority of Mr. Mellon, who was the real head of it.

It is but fair to say that the settlement with Great Britain was the best settlement that the American commission made, it being, as I recall, 66 per cent of the value of the British debt to us. That is correct, is it not?

Mr. SMOOT. Mr. President, I think it is a little more than that. As I remember, taking the rate of interest at 3 per cent for the first 10 years and 3½ per cent thereafter, and taking that as a fair basis of interest—and at that time it was, on our bonds—England agreed to pay us about 82 per cent of the value of the debt.

Mr. McKELLAR. But its cash market value at that time—

Mr. SMOOT. I mean under those conditions.

Mr. McKELLAR. The Senator is correct about the situation under the conditions he stated, but the fair cash market value of the indebtedness was about 66 per cent, which was more than the Debt Funding Commission collected from any other country, and it is fair and right to say that at this place.

There was a reason for the agreement, however, and that reason was specifically stated by Mr. Mellon at the time, for collecting that much money from Great Britain; and I now propose to give the reason. I quote from page 304, from Mr. Mellon's statement:

In the case of England, postarmistice advances with interest amounted to \$660,000,000.

It will be remembered that the whole debt was in the neighborhood of four billion, so it is manifest that the remainder of the debt over the \$660,000,000 was not canceled, and therefore, in one sense, it could be said that all her war debt was not canceled. But listen to Mr. Mellon:

It must be remembered that England borrowed a large proportion of its debts to us for purely commercial as distinguished from war purposes—to meet its commercial obligations maturing in America, to furnish India with silver, to buy food to be resold to its civilian population, and to maintain exchange.

As I recall it, and if I am wrong I hope some Senator will correct me, because I do not want to make a statement that is not correct, Great Britain had been borrowing from private sources in America very large sums before we entered the war, at very high rates of interest, and some of this money was used to pay those loans. Senator JOHNSON will no doubt ascertain this fact accurately. But Mr. Mellon says it was used "for purely commercial purposes, to meet its commercial obligations maturing in America, to furnish India with silver." It will be remembered that a very large portion of the money borrowed from us was used for that purpose, and it was a very proper purpose; I am not complaining of the purpose at all.

To buy food to be resold to its civilian population.

That was not a war purpose.

To maintain exchange.

Very large sums were used for that purpose.

Finally Mr. Mellon says:

Our loans to England were not so much to provide war supplies as to furnish sterling for home and foreign needs and to save England from borrowing from its own people.

The statement of Mr. Mellon there and in regard to these other debts tells the whole story. America has generously, more than generously, canceled every war debt of her allies, and what the foreign nations want now, and what President Hoover seems so insistent upon, is the cancellation of the commercial debts—money loaned for the purpose of rehabilitating those countries. Some of them even used the money, we were told, in building up great armies and navies, for paying cash bonuses to their soldiers, and even for lending other nations to build up armaments.

Mr. President, I have taken the trouble to prepare for the Senate a statement of some of the borrowings after the armistice. I am not going to read them all, but let us take those to France. The armistice was signed on the 11th day of November, 1918. On November 15, four days later, the proper officer of France applied to our Treasury and received \$40,000,000. Other amounts were borrowed, as follows:

Dec. 10.....	\$71,427,000
Dec. 23.....	5,000,000
Dec. 26.....	10,000,000



1919

Jan. 25.....	10,000,000
Jan. 28.....	81,050,800
Feb. 13.....	10,000,000
Feb. 20.....	5,000,000
Feb. 21.....	5,000,000
Mar. 4.....	10,000,000
Mar. 6.....	20,000,000
Mar. 11.....	30,000,000

It was almost a daily transaction.

Mar. 13.....	\$10,000,000
Mar. 14.....	10,000,000
Mar. 18.....	20,000,000
Mar. 20.....	10,000,000
Mar. 25.....	15,000,000
Mar. 27.....	10,000,000
Mar. 31.....	85,000,000

Then April 1—they did not pass the 1st of April—\$15,000,000.

Apr. 3.....	\$10,000,000
Apr. 8.....	10,000,000
Apr. 10.....	10,000,000

They seemed to have forgotten something, and borrowed \$40,000,000 on the 15th of April.

April 22.....	\$20,000,000
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April 24, 1919, six months after the war was over, \$20,000,000.

Apr. 29.....	\$10,000,000
May 6.....	10,000,000
May 8.....	10,000,000
May 15.....	15,000,000
May 20.....	10,000,000
May 29.....	10,000,000

Let us see what that amounts to per month. That was \$55,000,000 during the month of May. That was doing pretty well. I do not think Uncle Sam ought to be called "Uncle Shylock" when we thus generously dealt with one of our former allies!

Mr. SMOOT. Mr. President, will the Senator yield?

Mr. McKELLAR. I yield.

Mr. SMOOT. I simply want to say this, that I know of no law ever passed by Congress authorizing those advances on the dates on which the money was advanced. Those advances were after the close of the war, and I know of no legislation which authorized the Government of the United States to make those advances after the close of the war.

Mr. McKELLAR. Mr. President, I will have to look that up. I am sure there was full legal authority.

Mr. GLASS. Mr. President—

The VICE PRESIDENT. Does the Senator from Tennessee yield to the Senator from Virginia?

Mr. McKELLAR. I yield.

Mr. GLASS. There was a definite authorization, and I am astonished that the chairman of the Finance Committee of the United States Senate was not aware of it.

Mr. SMOOT. I would like to have the Senator from Virginia point to the law.

Mr. GLASS. I did on one occasion point the Senator definitely to the law, when he made a similar statement which indicated a lack of information as to what the law was.

Mr. SMOOT. If the Senator did, I am not aware of it, and I do not remember it.

Mr. GLASS. If the Senator will look at the RECORD, he can very easily see where I very definitely enlightened him on the subject.

Mr. McKELLAR. Mr. President, I want to say that I will consult with the Senator from Virginia and get the exact wording of the law and put it in my remarks before I print my speech. I have since ascertained, the law authorizing these loans was full, ample, and complete.

Mr. KING. Mr. President—

The VICE PRESIDENT. Does the Senator from Tennessee yield to the junior Senator from Utah?

Mr. McKELLAR. I yield.

Mr. KING. The statement made by the Senator from Virginia is accurate. It should also be stated as a fact with which Senators should be familiar that the allied nations employed most of the credits extended to them by Congress

for the purchase of military supplies and food imperatively required in the prosecution of the war. The money which came from the Treasury of the United States under these credits was paid to Americans who furnished supplies to the allied nations to the value of billions of dollars. Some of the contracts entered into by the allied nations with Americans for these supplies were not fully met at the time of the armistice; that is, payments had not been made in full to contractors, but the obligations of the allied nations existed. The duty rested upon the United States, having extended the credits, to meet the obligations which had been contracted. Accordingly, it may appear that large payments were made after the armistice, but, as indicated, substantially all were on obligations to American citizens or corporations for supplies purchased for war purposes.

It is to be noted, too, that the war had not terminated when the armistice was entered into.

Mr. GLASS. Mr. President, will the Senator from Tennessee yield to me again?

Mr. McKELLAR. I yield.

Mr. GLASS. The junior Senator from Utah is precisely right. The Treasury simply discharged commitments which it was obliged to discharge. The confusion of the senior Senator from Utah, the chairman of the Finance Committee, arises out of the fact that he thinks the war ended when the last shot was fired and the armistice was signed, when, under the statute, the war ended when the President of the United States so declared by proclamation.

Mr. McKELLAR. Mr. President, I want to impress these after the war loans upon Senators, and I am going to take a little time to read just a few more of the French loans.

On June 5 they got \$10,000,000. On June 16 they got \$5,000,000. On June 18 they got \$10,000,000.

July was sort of a generous month, and the loans made to France were as follows:

July 1.....	\$10,000,000.00
July 3.....	20,000,000.00
July 8.....	5,000,000.00
July 10.....	15,000,000.00
July 17.....	5,000,000.00
July 22.....	5,000,000.00
July 24.....	5,000,000.00
July 29.....	5,000,000.00
July 31.....	5,000,000.00

They got \$75,000,000 in July. Later loans were as follows:

Aug. 5.....	\$5,000,000.00
Aug. 7.....	10,000,000.00
Aug. 19.....	5,000,000.00
Aug. 25.....	10,000,000.00
Aug. 28.....	5,500,000.00
Sept. 2.....	15,000,000.00
Sept. 4.....	5,000,000.00
Sept. 11.....	10,000,000.00
Sept. 18.....	15,000,000.00
Sept. 25.....	10,000,000.00
Sept. 26.....	30,000,000.00
Oct. 1.....	10,000,000.00
Oct. 7.....	10,000,000.00
Oct. 17.....	10,000,000.00
Oct. 21.....	10,000,000.00

They could not let Armistice Day go by. It seems to have been a holiday, but France borrowed \$10,000,000. Other loans were made as follows:

Dec. 8.....	\$10,000,000.00
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1920

Jan. 2.....	10,000,000.00
Feb. 3.....	10,000,000.00
Feb. 5.....	10,000,000.00
Mar. 11.....	10,000,000.00
Apr. 6.....	10,000,000.00
May 11.....	10,000,000.00
July 6.....	10,000,000.00
Aug. 5.....	10,000,000.00
Aug. 31.....	10,000,000.00
Sept. 28.....	10,000,000.00

For nearly two years we loaned those moneys for the rehabilitation of France, for the purpose of aiding her in continuing her government, for the purpose of aiding her in all her governmental activities, and probably some of her allied government activities, including a cash bonus to her soldiers, we have been informed.



Mr. President, we did the same thing for Belgium, we did the same, in a lesser degree, for Great Britain, and we did the same thing for Italy.

At this point I ask unanimous consent to print in the Record the postarmistice loans to Belgium, Great Britain, and Italy, by giving dates.

There being no objection, the matter referred to was ordered to be printed in the Record, as follows:

*Postarmistice loans to Belgium*

1918	
Nov. 14	\$1,600,000.00
Nov. 15	3,400,000.00
Nov. 19	8,215,000.00
Nov. 27	500,000.00
Dec. 3	2,000,000.00
Dec. 4	1,100,000.00
Dec. 11	1,500,000.00
Dec. 17	7,450,000.00
Dec. 24	5,500,000.00
Dec. 31	14,000,000.00
1919	
Jan. 7	10,000,000.00
Jan. 14	6,100,000.00
Jan. 21	2,900,000.00
Jan. 23	1,000,000.00
Jan. 28	4,400,000.00
Feb. 4	6,000,000.00
Feb. 6	1,500,000.00
Feb. 10	600,000.00
Feb. 11	3,900,000.00
Feb. 18	7,700,000.00
Feb. 25	11,200,000.00
Mar. 4	5,500,000.00
Mar. 6	5,900,000.00
Mar. 18	5,300,000.00
Mar. 25	3,900,000.00
Apr. 1	5,000,000.00
Apr. 10	300,000.00
Apr. 15	4,000,000.00
Apr. 24	1,750,000.00
Apr. 29	2,000,000.00
May 1	5,000,000.00
May 8	8,800,000.00
May 13	1,300,000.00
May 15	3,500,000.00
May 27	2,400,000.00
June 3	4,000,000.00
June 17	900,000.00
June 19	3,250,000.00
June 24	600,000.00
July 8	2,000,000.00
Aug. 21	1,000,000.00

Aug. 26	10,489,467.89
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*Postarmistice loans to Great Britain*

1918	
Nov. 15	\$50,000,000.00
Nov. 21	10,000,000.00
Nov. 26	10,000,000.00
Nov. 29	30,000,000.00
Dec. 3	20,000,000.00
Dec. 5	30,000,000.00
Dec. 10	25,000,000.00
Dec. 12	30,000,000.00
Dec. 17	20,000,000.00
Dec. 19	30,000,000.00
Dec. 24	1,000,000.00
Dec. 26	30,000,000.00
1919	
Jan. 7	20,000,000.00
Jan. 9	20,000,000.00
Jan. 14	10,000,000.00
Mar. 4	10,000,000.00
Mar. 6	10,000,000.00
Mar. 11	10,000,000.00
Mar. 13	10,000,000.00
Mar. 18	10,000,000.00
Mar. 20	10,000,000.00
Apr. 3	10,000,000.00
Apr. 4	10,000,000.00
Apr. 8	4,000,000.00
Apr. 10	20,000,000.00
Apr. 15	65,000,000.00
Apr. 17	9,000,000.00
May 1	10,000,000.00
May 15	30,000,000.00
May 22	10,000,000.00
May 29	10,000,000.00
June 25	7,000,000.00

*Postarmistice loans to Italy*

1918	
Nov. 12	\$10,000,000.00
Nov. 14	10,000,000.00
Nov. 19	20,000,000.00
Nov. 26	20,000,000.00
Dec. 5	15,000,000.00
Dec. 12	10,000,000.00
Dec. 17	10,000,000.00
Dec. 19	25,000,000.00
Dec. 26	25,000,000.00
1919	
Jan. 2	20,000,000.00
Jan. 16	60,000,000.00
Jan. 23	15,000,000.00
Jan. 30	25,000,000.00
Feb. 6	20,000,000.00
Feb. 13	25,000,000.00
Feb. 20	15,000,000.00
Feb. 27	19,000,000.00
Mar. 6	20,000,000.00
Mar. 13	16,500,000.00
Mar. 20	12,000,000.00
Mar. 22	10,000,000.00
Mar. 24	10,000,000.00
Mar. 27	20,000,000.00
Apr. 10	5,000,000.00
Apr. 15	25,000,000.00
Apr. 24	10,000,000.00
May 1	5,000,000.00
May 8	12,000,000.00
May 15	15,000,000.00
May 22	5,000,000.00
May 29	5,000,000.00
June 5	5,000,000.00
June 12	5,000,000.00
July 3	5,000,000.00
July 31	5,000,000.00
Aug. 14	4,175,945.99
Aug. 21	5,000,000.00
Aug. 28	9,100,000.00
Sept. 4	17,000,000.00
Oct. 2	1,146,927.00
Oct. 14	8,000,000.00
Oct. 16	1,000,000.00
Dec. 16	10,000,000.00
1920	
Apr. 6	416,114.00
Apr. 9	5,000,000.00
May 11	5,000,000.00
1921	
Mar. 30	16,695,063.91

Mr. McKELLAR. I want to say one other thing about the French debt before I leave that subject. When the war was over we had about \$2,000,000,000 worth of supplies in France. If I am wrong about that, the senior Senator from Utah, who was on the commission, can correct me. We had about \$2,000,000,000 worth of supplies in France, including railroads, railroad equipment, provisions, clothing, and supplies, and every conceivable kind of property. The French Government and the commission valued that property at \$407,000,000, and that was included in the debt which was afterwards canceled by about 50 per cent. In other words, if ever one nation has been generous to another nation in all the history of time, America, which advanced \$4,400,000,000 to France and got only about \$1,600,000,000 back, has been generous, and I am glad to know that France has never suggested a moratorium or a cancellation of these debts. Indeed, so far as I know, France has rather objected to cancellation, if we are to believe the public prints. All honor to her if this is her position!

Mr. President, under these circumstances, with this generous treatment having been accorded our allies, when we are not attempting to insist on anything but the payment of commercial debts, and only a part of the commercial debts, why all this unseemly haste on the part of our own Government to grant a moratorium?

Here we are—and I want to repeat it, and I may repeat it several times more—\$1,700,000,000 in the hole for running expenses; and with our Treasury in that condition our administration is taking the initiative to give up \$246,000,000 of interest for this year and recommending a Debt Funding Commission to consider further reductions.



That is not all, however. I want to read, and I want to be very careful what I quote—

The VICE PRESIDENT. The hour of 2 o'clock having arrived, the Chair calls attention to the fact that the unfinished business is the election of a president pro tempore of the Senate. That question is debatable, so the Senator from Tennessee is recognized.

Mr. McKELLAR. Mr. President, in a recent message to the Congress—I think it was on last Thursday—the President stated that he wanted a law passed reestablishing the Debt Funding Commission. What could be the President's purpose in having the Debt Funding Commission reestablished if it was not to cancel the debts, in whole or in part? Of course that is the only possible purpose of such a commission. Besides Mr. Mellon the next day said that was its purpose.

It has been stated that the President has said that he is not in favor of canceling the debts. If he is not in favor of canceling the debts why in the world does he recommend that another Debt Funding Commission be established to consider the matter of revision?

Mr. President, it reminds me of the present situation in China; Japan vociferating every day that she is not taking Manchuria at all, and at the same time her armies are taking it. In other words, she is taking it while protesting she is not taking it. It seems to me that the President, while saying that he is not in favor of cancellation, is taking the very necessary steps to cancel. If we may judge by his own word, his own acts, or the words or acts of his associates, he is determined to cancel.

Mr. GORE. Mr. President—

The VICE PRESIDENT. Does the Senator from Tennessee yield to the Senator from Oklahoma?

Mr. McKELLAR. I yield.

Mr. GORE. The point the Senator is making might well be illustrated by stating that some one said, "Wait until I see you before you do nothing." [Laughter.]

Mr. McKELLAR. That is very true. The next day after that message came from the President we had a statement from Mr. Mellon. The President did not say what his proposed Debt Funding Commission was to do; but the next day after his message came out the Secretary of the Treasury gave out a statement to the papers in which he defended the proposed reestablishment of the Debt Funding Commission on the ground that Great Britain's pound sterling had fallen in value and it was manifestly unfair to make Great Britain pay in a currency that is not as valuable as when the contract was made.

Let us see where that would lead us. It would inevitably lead us to cancellation. All that Great Britain would have to do to get rid of the \$4,000,000,000 she owes us, according to Mr. Mellon, would be to run her currency down to virtually nothing and then she could pay us in that depreciated currency. In other words, she could cancel her debt indirectly instead of directly.

I take it that that reasoning will not appeal to any Senator in this body on either side of the aisle. Surely Senators are not going to be beguiled into voting to reestablish the Debt Funding Commission for the purpose of letting the United States be paid in a depreciated currency. In the first place, Great Britain depreciated her currency of her own motion. It was an act of her own government. She had the right to depreciate it or not to depreciate it, but since she did it she ought to take the responsibility for it. She knew perfectly well that she owed these debts and what the monetary yardstick of measurement was, and so it seems to me if she were to set up the argument advanced by the Secretary of the Treasury, she would be claiming a right arising from her own wrong.

Mr. SHIPSTEAD. Mr. President—

The VICE PRESIDENT. Does the Senator from Tennessee yield to the Senator from Minnesota?

Mr. McKELLAR. I yield.

Mr. SHIPSTEAD. The handicap that Great Britain has as a debtor is not any heavier to bear than the handicap

which is carried by every debtor in the United States who owes a private debt or who has to pay taxes to meet a public debt. The American debtor, on account of the increased value of gold, finds it 60 per cent harder to pay a debt than when the debt was incurred. I doubt very much if Great Britain carries a greater handicap than that. I would like to have had the Secretary of the Treasury point out the burdens and handicaps of the American debtor as well as the handicaps of Great Britain.

Mr. McKELLAR. I believe the Senator from Minnesota was not in the Chamber at the time I read the advice given by Secretary Mellon on a former occasion, advice which I think is perfectly good and substantiates what the Senator has so well said. I quote from Mr. Mellon on page 422 of the debt-finding report:

Public officials, whether in the legislative or executive branch of the Government, are essentially trustees. They are trustees for the citizens of their own country.

I digress long enough to say that they are not trustees for the citizens of Great Britain. She is competent to look after her own affairs. If she wants to depreciate her currency, that is her own matter. Why should we volunteer our services in her interest at a time like this when our Treasury is showing a deficit to the extent of \$1,700,000,000?

Mr. NORRIS. Mr. President—

The VICE PRESIDENT. Does the Senator from Tennessee yield to the Senator from Nebraska?

Mr. McKELLAR. I yield.

Mr. NORRIS. My attention was diverted and I was called out of the Chamber for a moment and have not heard all of the Senator's address. When my attention was diverted he was reading the payments that were made to the Government of France, giving the dates and amounts. I would like to ask the Senator if he had the same information with regard to the other debtor nations?

Mr. McKELLAR. Yes; I have it before me as to France, Italy, Great Britain, and Belgium. I have already asked unanimous consent that the figures for the other nations might be inserted in the Record in my remarks just as if I had read them to the Senate.

Mr. NORRIS. The purpose of my interrupting the Senator was to be sure that the information would be included in the Senator's address.

Mr. McKELLAR. May I say that Great Britain's postwar debt was not the largest. France had the largest, and Italy came next. Great Britain was third. Great Britain borrowed after the war between \$600,000,000 and \$700,000,000, but my reason for making the statement that Great Britain's war debts were canceled was that much of the indebtedness she had previously created was, according to the report of this commission, for purely commercial purposes.

Mr. NORRIS. If the Senator will permit me further, I wonder if he would not include in his remarks the payments and the dates of the payments that were made by the Government of Liberia? The Senator will remember that Liberia declared war against Germany. Has the Senator that information?

Mr. McKELLAR. I have not, but if I can secure the information, I will do so. Apparently Cuba, which, I think, paid her war debt, and Liberia owed such small items that they have passed from the record. I shall be glad to furnish the information if I can get it.

Mr. NORRIS. That ought to be in the Record, because those loans were made, of course, to nations that were able to and did very materially aid us in the war. Liberia had her standing army and her navy there and accomplished great results. The Senator ought to put that information in the Record in connection with his remarks.

Mr. McKELLAR. The Senator, being a lawyer and a former judge, is familiar with the doctrine of de minimis. Liberia's amount was almost too small to consider—\$26,000, I believe—and probably that is why it is not here.

Mr. NORRIS. Liberia's contribution may have been de minimis, but her sacrifices and assistance in the war were certainly not de minimis. Has the Senator any information



with respect to the truth of the statements that appeared in the papers to-day that Great Britain and perhaps some of the other countries have the money all ready to pay or did have the money to pay what they owed us to-day, and that they have been advised by our Government not to pay us?

Mr. McKELLAR. Only what the newspapers state. I can not state to the Senator the fact about it; but I do want to say that this is the most remarkable situation I have ever witnessed in all my life. I never heard of anything quite so unaccountable. I remember that Mr. Mussolini last June, when the question of a moratorium first came up, made the statement, or it was published in the papers at least that he had made the statement, that Italy stood ready to pay the amounts she had promised the United States.

The statement was frequently made that not a single foreign nation had refused to pay, that they were all ready to pay, and they would have paid if it had not been for the rather strange interference of the American President. All honor to Italy and to the other nations for taking that fine position. They would be paying us right now, this very day, if it were not for the unaccountable position of President Hoover. Our morning papers stated that several of these nations had deposited the amounts due us with their fiscal agents in this country.

Mr. NORRIS. My information is that not only Great Britain, but some other countries as well, were prepared to make payments to-day, and had the money deposited in banks in this country to do it; but of course they did not pay because our Government did not want the money.

Mr. McKELLAR. I can not imagine why that is. I hope that the committee which has been appointed or authorized to get this information, among other information, under the resolution offered by the senior Senator from California [Mr. JOHNSON], will bring out all the facts.

Mr. SHIPSTEAD. Mr. President—

The VICE PRESIDENT. Does the Senator from Tennessee yield to the Senator from Minnesota?

Mr. McKELLAR. I yield.

Mr. SHIPSTEAD. Does the Senator know of any information available anywhere as to what is the purpose of this legislation?

Mr. McKELLAR. No. It was said last June, as the Senator will recall, that the purpose was to aid Germany, and it was conditioned at first on France's declaring a moratorium on the indebtedness Germany owed her. It will be remembered that Germany's indebtedness to France was divided under the Young plan into two classes, one, I think, of about \$260,000,000 of nonpostponable debts, and the other of about \$140,000,000 of postponable debts under an agreement existing among those nations. Every effort was made by our Government, so the papers stated, to get France to forego the nonpostponable amounts due from Germany of \$260,000,000. She would not do so; but the President went right ahead with the moratorium, notwithstanding the fact that France refused to give to Germany the same kind of treatment that we were giving to the rest of the world.

Not only that, but so far as the moratorium aiding Germany is concerned, it did not do it. If it had done that, there might have been some reason for it, but it did not aid Germany to any material degree. Since that time Germany has had to resort to all kinds of measures to keep her government in operation. It did not prevent at all the exporting of her gold, and shortly after the moratorium President von Hindenburg issued an embargo against gold leaving Germany. The Hoover moratorium was a perfect failure so far as aiding Germany was concerned.

Mr. SHIPSTEAD. Mr. President, will the Senator yield further?

The VICE PRESIDENT. Does the Senator from Tennessee yield further to the Senator from Minnesota?

Mr. McKELLAR. I yield.

Mr. SHIPSTEAD. The Senator from Tennessee says that it did not help Germany.

Mr. McKELLAR. I do not believe it did so.

Mr. SHIPSTEAD. If it gave Germany any help, I wish some one who can point that out would show it.

Mr. McKELLAR. I hope that will be done.

Mr. SHIPSTEAD. It did not help Germany; in fact, it increased a run on her banks. If there is any valid reason for the legislation that the Senator knows of, I think he would render the Senate a great service if he would show what that reason is.

Mr. McKELLAR. I can only give my view. I know of no reason. It is a remarkable situation. The President has been insisting upon the moratorium as one of his prime policies ever since June when he first announced it. Now, when it comes to the opening of Congress, we have a recommendation from the President that the moratorium be approved, for everybody knows it has to be approved by Congress.

Mr. NORRIS. I should like to inquire of the Senator right there on that point—

The VICE PRESIDENT. Does the Senator from Tennessee yield to the Senator from Nebraska?

Mr. McKELLAR. Yes.

Mr. NORRIS. Is it necessary that it be approved by Congress? Is it not true that the President has already taken a poll of the House and Senate Members, and that he has the result in his pocket? Why should he not merely declare the result and not bother Congress with the subject?

Mr. McKELLAR. Mr. President, I regret that the Senator from Nebraska was not in the Chamber when I discussed that question. Of course the President's action in polling Members of the Congress while the Congress was not in session, or while the Congress was in session, for that matter, is wholly unknown to our Constitution and to our laws. His action in postponing these debts was just as illegal as if he had not polled Members of Congress. It is a precedent that ought not to be established. For this reason alone we ought not to ratify the President's action. It was unprecedented. It was dictatorial. It was un-American, and it can not be justly defended. It was in no sense an emergency; at least, it was not an American emergency. If there was any emergency about it, it was an international bankers' emergency, or a foreign emergency.

Mr. SHIPSTEAD. Mr. President, I rise to a point of order.

The VICE PRESIDENT. The Senator from Minnesota will state it.

Mr. SHIPSTEAD. If the vote on the moratorium measure has already been taken, the debate of the Senator from Tennessee is out of order.

The VICE PRESIDENT. The Senator from Tennessee is debating another measure which is pending, which is perfectly in order.

Mr. McKELLAR. Mr. President, all joking aside, it is a very novel situation that the President of the United States should solemnly affirm that he acted upon the advice of the Congress when the Congress had not been in session for three months.

Senators, as I stated this morning—and I repeat the statement, because it seems the Senator from Nebraska [Mr. NORRIS] was not then present—I can not subscribe to that kind of legislation. My oath of office, as I look at it, requires that I vote against a moratorium brought about in this way. I am not criticizing any other Senator. If the Senator from Nebraska signed the poll and agreed to stand by the President, I have no quarrel at all to pick with him; but, as I look at it, I do not think that I, as a Senator of the United States, have the right to deal with measures affecting foreign governments under the poll system.

Mr. NORRIS. Mr. President—

The VICE PRESIDENT. Does the Senator from Tennessee yield further to the Senator from Nebraska?

Mr. McKELLAR. I yield.

Mr. NORRIS. I thank the Senator from Tennessee very sincerely for not criticizing me for signing up in advance. I wonder if others of us are bothered as the Senator from Tennessee seems to be because of his oath of office? What has that got to do with it?



Mr. McKELLAR. I am in favor of legislating as the Constitution and laws direct.

Mr. NORRIS. In other words, if that method of legislating is proper, why have an oath of office?

Mr. McKELLAR. And why have sessions of Congress?

Mr. NORRIS. We had just as well go home and let Senators vote by mail.

Mr. McKELLAR. Why should we not all merely send our proxies to the President, or, rather, whenever he wants an act passed, just write him and tell him we approve it, and then let him declare the law passed?

Now, Mr. President, I will go to something else. All over the country to-day the American taxpayer is groaning under a load of taxation never before borne by him or her—municipal taxation, county taxation, State taxation, national taxation. We all realize that in every State in this Union property is being put up for sale in order to pay taxes. Business houses, homes, and farms are being sold. Farms are being put up for sale even by the Federal farm bank, operating under the Farm Board.

I may be wrongly constructed; I may not have the right mental attitude; but I can not, for the life of me, see any justice in declaring a moratorium for the honest debts due to us by foreign nations and declining to declare a moratorium in the case of debts due by the farmers of the country where the American Government itself is the owner of the mortgage. The farmer's plight is so bad that means are now being considered to grant him a moratorium affecting the debts due the Farm Board so that his farm and home may be saved to him; but we seem unwilling to declare a moratorium for the American farmer, although, with a Treasury deficit of \$1,700,000,000 staring us in the face, we seem perfectly willing to declare a moratorium on \$11,000,000,000 of indebtedness justly due us by foreign nations, and then, perhaps, in whole or in part, to cancel all their indebtedness. I am so constituted mentally that I believe it is our duty as trustees for the American people first to look after their interests.

Whether such an arrangement for the benefit of American farmers can be made through the Farm Board I do not know, but I hope Senators will consider the suggestion. I want to help, if it is humanly possible, the men and women who have mortgages on their farms. I would a thousand times rather help them than to take the tax burdens off the taxpayers of other countries and lay them in addition on the backs of our own taxpayers.

Mr. SHIPSTEAD. Mr. President—

The VICE PRESIDENT. Does the Senator from Tennessee yield further to the Senator from Minnesota?

Mr. McKELLAR. I yield.

Mr. SHIPSTEAD. We will have to assess our taxpayers \$250,000,000 this year in order to take care of this moratorium.

Mr. McKELLAR. The sum is \$246,000,000.

Mr. SHIPSTEAD. And in view of the fact that there are already sufficient votes for that, certainly there will be votes enough to tax the taxpayers so as to provide a moratorium for the farmers.

Mr. McKELLAR. I am not sure at all that the Senator is right about that. I have heard in connection with the poll that has already been made that many Senators who will give up \$246,000,000 to foreign countries will not vote to help to suspend the operations of the law as to our own farmers.

Mr. SHIPSTEAD. I might say if the Senator will yield for just a moment further.

Mr. McKELLAR. Yes.

Mr. SHIPSTEAD. I understand one foreign nation had \$800,000,000 in gold on deposit in New York a very short time ago and has something like \$450,000,000 on deposit there at this time.

Mr. McKELLAR. Oh, Mr. President, I take it that all the debtor nations are able to pay; they never have asserted they were not able to pay. I repeat what I stated previously, that I do not believe it is the purpose of President

Hoover unduly to aid the people of foreign nations, but what is uppermost in his mind, as it is uppermost in the minds of many others, is that international bankers own private debts due them from the same foreign countries and they want a preference, and, therefore, this propaganda to cancel the debts supposedly in our own interest. It is absurd. I think the proposal is unpatriotic and unfair; it is unjust, immoral, and indefensible.

Surely, Mr. President, this is no time for our Government to fix a further policy regarding the payment of these debts. As I have shown, there is a 3-year moratorium for the principal of these debts already provided in every contract. Why is not that sufficient? Why should we want to go beyond that without the request from any of our foreign debtors? I do not believe, Mr. President, that we should do so.

There is another reason why we should not enact such legislation at this time, and that reason is that we are now \$1,700,000,000 in the red in the ordinary expenditures of the Government. That deficit is growing day by day and hour by hour, and unless it is checked there is no telling where it will lead. It is the duty of the Congress, it seems to me, to cut down expenditures of the Government, to quit spending money that we have not got in the Treasury, and then to raise taxes upon those taxpayers who are able to pay, so, as to use an ordinary expression, to balance our Budget.

There is no reason whatsoever for us to continue the extravagant method we have been pursuing. Mr. President, look what we have been doing for the past two years. The President recommended the creation of the Farm Board in order to bring about relief to the farmers of the country. The Congress, acting upon his recommendation, appropriated the enormous sum of \$500,000,000 in the interest of the farmer. All of it has been thrown away; it is a dead loss; instead of doing good, it has probably done harm.

Then another presidential cure-all for business and agricultural difficulties was advanced. It was the high tariff which was enacted by the last Congress. Mr. Hoover approved it, and it became a law. It raised the tariff walls around this country so high that foreign nations could not trade with us, and then nearly every one of them enacted retaliatory measures, so that we could not trade with them. And now we hear the plea, "Cancel the foreign debts and let foreigners have the money so that they can trade with us." If they had every dollar of the money represented by their debts to us they could not trade with us. We have placed our tariff wall so high that they can not trade with us, and so it would be useless to sacrifice the money justly due us on that account.

Then, international conferences were suggested. All these troubles were going to be settled as soon as America participated in an international conference. What has been the result of international conferences? Has any good come of them? Later on the President called a national conference of business men, great captains of industry and of transportation to meet here in Washington to cure the ills which afflicted us; they were going to be cured in 60 days; the depression would be ended in 60 days. That was early in 1930, as I remember. That was the President's statement. The result of that conference was just like the result of all the other nostrums which have been proposed for bringing an end to this great depression.

So, Mr. President, it seems to me that the Congress ought to follow the advice of the Secretary of the Treasury when he years ago said that every legislative and executive officer ought to regard himself as a trustee for the American people whom he represents.

I repeat it:

Public officials, whether in the legislative or executive branch of the Government, are essentially trustees. They are trustees for the citizens of their own country. They are not free to give away the property of the beneficiaries of the trust. An individual can do what he will with his own property. A public official, however, must keep firmly in view that he is dealing not with his own property but with the property intrusted to his care by the citizens of his country.



Moreover, those who urge a complete forgiveness of debts ignore entirely the effect upon the country whose debt is forgiven. All self-respecting people desire to discharge their obligations. This is true of nations as of men. It is true of France.

Mr. President, our duty is plain, as I see it. I think we ought to cut down the expenses of government. Instead of appropriating the vast sums that the President has recommended, and he recommended additional amounts yesterday, amounting in the aggregate almost to five billions of dollars, we ought to cut them down by at least a billion, and in that way restore the balance between the credit side and the debit side of the Government's ledger; and for what can not be restored in that way we ought to put taxes upon those who are able to bear taxes. We ought not to put additional taxes upon those of the American people who are not able to pay them, but we ought to put them upon that class of our people who are able to pay them, and thereby balance the Budget. We should increase taxes in the higher brackets of the income tax, succession or estate taxes; but we should impose no sales taxes and no additional taxes on small incomes.

Senators, we owe a duty to our country. We owe a duty to our country to balance the Budget. You may talk about Great Britain all you desire, but Great Britain is a business nation. In the early part of this year, when she found that her budget was wholly out of gear, her Parliament met and taxed her people, and cut down expenses, and balanced the budget. That is what America ought to do. It is our duty to do it at this time. Let us cut down our expenditures.

Mr. President, just a few more words.

Mr. Mellon said, in his interview the other day, that these foreign debtors ought to be required to pay according to their capacity. My heavens! Are we going to select a time like this as the time for determining capacity to pay? The capacity of France to pay is as great to-day, perhaps, as it ever was. Perhaps there are some other nations that are just as able to pay as they ever were; but are we going to cancel the debts of Great Britain down to the point where she is able to pay in a depreciated currency? I take it that that will not be done.

There is another method which has been suggested, and that is the senior Senator from Utah [Mr. Smoot]—and I am glad he is here—offers a sugar-coated pill which would have the effect of canceling these debts without the people knowing anything about it. How does he propose to do it?

The newspaper story was, Mr. President, that a day or two ago the Senator went up to the White House; and after talking with the President, without quoting him at all, the Senator came down and introduced a bill to let these nations pay these debts in silver!

Silver to-day is worth 29 cents an ounce.

Mr. SMOOT. If it is worth 29 cents an ounce, that is all they will get credit for.

Mr. McKELLAR. The Senator says, if we let them pay these debts in silver, that is all they will get credit for. That is over 3 for 1, Mr. President. Suppose America had hauled over here \$11,000,000,000 worth of silver or silver that would make over \$35,000,000,000 of coin. What would we do with it? What would we do with it, Mr. President? Suppose every nation paid us in silver. That would give us enough silver to coin something like \$35,000,000,000 of silver money. What would the American people do with all that silver? It would be the biggest white elephant ever known.

Mr. SMOOT. Mr. President, does the Senator know how many ounces of silver have been produced in the world?

Mr. McKELLAR. I do not know how many ounces have been produced in the world, but I know that silver is a depreciated currency in this country. It is a depreciated currency in most countries. To-day an ounce of silver is worth less than 30 cents; and if we were to let foreign nations pay these enormous debts to us in silver, we would have the largest frozen asset in all the world, and it would be a silver asset. What could we do with it? It would be better for us to let them pay it in cheese.

Mr. SMOOT. Mr. President—

The VICE PRESIDENT. Does the Senator from Tennessee yield to the Senator from Utah?

Mr. McKELLAR. I do.

Mr. SMOOT. The Senator certainly is talking without even looking into the question at all. Does he know that only about eleven billion ounces of silver have been produced in the world?

Mr. McKELLAR. No; I did not know that, but I know this: However much may have been produced, silver to-day is at about the lowest price that it has been for a generation, perhaps.

Mr. SMOOT. And the Government would not take it for any more than the price of the silver at the time it was turned over to us. Over half of that eleven billion ounces of silver has been used in manufacturing and in the arts; so that is about 5,500,000,000 ounces. At 29 cents an ounce, as the Senator says, or 30 cents an ounce, that would be \$1,650,000,000, as against ten or twelve billions that they owe us.

I have not asked the Senate of the United States to pay \$1.29 an ounce. The average price of that silver from the time it was first produced up to the present time was 99.5 cents an ounce. The average price for the last 10 years, excluding this year, was about 55 cents an ounce. It is true that silver now has gone down to 29 cents an ounce. At that price, if it is paid by a foreign country—and those countries have not very much to pay—if they would pay it on these debts at 29 cents an ounce or 30 cents an ounce, I want to say to the Senator that we would be ahead if we accepted it. As between not getting anything and getting silver that can be used in the arts, even at the price at which silver is to-day, I would a thousand times prefer the silver. If those countries do not want the silver, I would prefer their silver to their obligation which is owing the Government to-day, at the market price of the silver.

Mr. McKELLAR. Mr. President, the Senator from Utah reminds me of my early days. The first vote I ever cast was for the "peerless leader," Mr. William Jennings Bryan, the silver-tongued orator from Nebraska, and the orator in behalf of silver, in the year 1896. He convinced me, or others convinced me, that bimetallism was right and that we ought to use silver as a circulating medium; but at that time I remember reading speeches by the able Senator from Utah [Mr. Smoot] declaring for the gold standard and declaring that gold was the only proper medium of exchange, declaring that silver ought to be outlawed, that it was of no value, that it never did have any value and never would have any value. Historically speaking, I greet with satisfaction the present adherence of the Senator from Utah to the silver cause.

Mr. SMOOT. Mr. President—

The VICE PRESIDENT. Does the Senator from Tennessee further yield to the Senator from Utah?

Mr. McKELLAR. I do.

Mr. SMOOT. When Bryan was asking for the use of silver as a circulating medium, his idea was to make its price \$1.29 an ounce. I have not any thought of making it \$1.29 an ounce. I have not any thought of the Government of the United States taking any commodity—if silver may be called a commodity—that it could not sell on the market to-day. I am not asking the Government of the United States to lose a cent. I desire to say, however, that if any of those countries that owe money to the United States on war obligations do not desire silver—and I do not think they will be very many in number—I am perfectly willing, as a representative of the State of Utah or as a Senator of the United States, to say, "Whatever the market price is, we will grant you that much credit for any silver you send us upon the obligations that you owe the United States."

That is all I have said in the bill. When it comes to discussing it, I want to go into the details.

Mr. McKELLAR. Mr. President, I think before the Senator gets that bill passed by this body he will have to go



into it very much more than he has up to date. All that such action would do would be to create a surplus of silver in America. Here would be the Government owning a tremendous surplus of this depreciated metal that we would have received from our debtors. I have had some experience with surpluses. I know what effect a surplus of 1,300,000 bales of cotton in the hands of the Government has on the price of cotton in my part of the country. It is the greatest depressant of the price in the world. It stands there as a menace to the cotton market; and yet, if the Senator from Utah had his way, he would pile up in the Treasury of the United States silver metal, the price of which would be constantly going down as long as the Government held the surplus, and we all know it.

I am not going into that subject, however, because I doubt if the Senator from Utah will get half a dozen votes for his proposal to permit these debts to be paid in silver at any price. I am not an opponent of silver at all, but that is not the way to handle this question.

Mr. President, before I close I desire to make one statement in behalf of the United States.

It has been said that we have been looking after our own interests to such an extent that we are unable to deal fairly with our debtors. I have before me a statement, carefully prepared, regarding the four countries of Belgium, France, Great Britain, and Italy, showing the principal to be received, the interest we are actually going to receive, and the interest that we would have received if we had charged them the same rate of interest that we are obliged to pay our own people; and then, further, a statement of the interest that would have been received on these debts if the agreements regarding them had been carried out as they were originally made. I ask to have these figures printed as a part of my remarks.

The VICE PRESIDENT. Without objection, it is so ordered.

The matter referred to is as follows:

*Amounts to be received from foreign governments by the United States under debt agreements, and the approximate amounts of interest, in addition to the principal, the United States would have received if the debts had been funded on the basis of rates of interest of 4½ and 5 per cent (computations based upon principal of debts as funded)*

Country	Funded indebtedness		Interest which would have been received if debts had been settled on basis of rate of 4½ per cent	Interest which would have been received if debts had been settled on basis of rate of 5 per cent
	Principal to be received	Interest to be received		
Belgium.....	\$417,780,000	\$310,050,500.00	\$773,272,000	\$943,432,000
France.....	4,025,000,000	2,822,674,104.17	7,449,900,000	9,089,264,000
Great Britain.....	4,600,000,000	6,505,965,000.00	8,514,172,000	10,387,731,000
Italy.....	2,042,000,000	365,677,500.00	3,779,552,000	4,611,249,000

Mr. McKELLAR. Now, Mr. President, I want to quote again from the President and Mr. Mellon.

On last Thursday the President reiterated his statement as follows. Now, listen to this:

I do not approve in any remote sense of the cancellation of the debts to us. World confidence would not be enhanced by such action. None of our debtor nations have ever suggested it.

I wonder if my mind is at fault, if I am unable to understand language. Listen to it. I call the attention of Senators on both sides of the aisle to it. This is the language of the President of the United States last week in his message:

I do not approve in any remote sense of the cancellation of the debts to us. World confidence would not be enhanced by such action. None of our debtor nations have ever suggested it.

And yet he is declaring a moratorium—a moratorium that he has asked the Congress to approve, which it has not yet approved—and when the 15th of December was about to roll around an effort was made to get Congress to approve it in some fashion, so that the other nations could be notified that they must not pay what they evidently were ready to pay.

What is there behind this language and those acts? Then the President goes a step further and recommends that another debt-funding commission must be established. He does not explain what he wants it to do; but his Secretary of the Treasury, the next day, does explain what he wants it to do. He says it is to reduce the debts of nations like Great Britain who have debased their currency.

If a commission is appointed, and that commission reduces the debts, and it is all done with the approval and upon the recommendation of the President, I am wondering whether that would not be in a "remote sense" an effort to cancel these debts.

I do not understand the language. I am not going to criticize it because I just do not understand it. If it means what the President seems to think it means, then I can not understand what language does mean. Mr. Mellon went on to say:

The administration is opposed to cancellation. No recommendation made carries any such implication.

If no recommendation makes any such implication, why is it that the President recommends a debt-funding commission to readjust these debts? Why is the argument made for Great Britain that Great Britain has debased her own currency and ought to be allowed to pay less than she is now paying?

Again the Secretary says:

Our debt settlements were effected on the basis of the capacity of the debtors to pay, and we must take into account the abnormal situation now existing in the world.

Then he takes up the British case, showing the fall of the pound sterling, brought about by the act of the British Government, of course, and then he says:

When the British debt settlement was made it was estimated that its present value at a 4½ per cent interest rate was 80 per cent of the total amount due prior to funding. If the amount to be raised in pounds sterling to meet the obligations to us in dollars is increased by 47 per cent, it becomes apparent that from the standpoint of the British taxpayer he is asked to meet not the obligation as established by our Debt Commission but an amount considerably in excess of such obligation.

He talks about the British taxpayer; but what about the American taxpayer?

Mr. Mellon now pleads for these debtors, and especially for the British. Let us see what he said about these cancellations shortly after he and Mr. Hoover were canceling the war debts.

In a public statement of May 5, 1927, about the British Government's offer to cancel, Mr. Mellon among other things said (p. 631 of Combined Reports of World War Foreign Debt Commission):

By implication this means that should the United States further reduce British obligations to the United States the British Government would cancel a like amount of obligations due to it from its debtors. It is very obvious that the British Government would neither lose nor gain in such a transaction. The United States Government is, however, in a very different position. The British Government is both creditor and debtor. The United States Government is a creditor only; and every dollar of debt canceled by the United States represents an increase by just that amount of the war burden borne by the American taxpayer.

If Mr. Mellon's present contention is accurate that we ought to cancel more of these debts, according to his own statement whenever we cancel or reduce we add just that much greater burden to the American taxpayer. Everyone knows that this is a true statement of the case.

Then Mr. Mellon went on to say, in his recent statement:

It is with such thoughts as these in mind that the President recommended the re-creation of the World War Debt Commission.

I do not know what was in his mind, except from the language, and from the language it looks to me as if there might have been something else.

Mr. President, the last argument made is that we ought to cancel these debts in order to bring about disarmament. If we never get the nations of Europe to disarm until we do it be giving up and canceling these debts, we will never get them to disarm. The truth is that the best way to keep European nations from arming is to let these debts remain



just as they are, for the moment they are canceled they will use just that much more money to raise armies and navies in the future as in the past.

I observe in the papers that my good friends, Senators BORAH and WATSON, while opposing cancellation generally, seem to be willing to make further financial concessions to our European debtors if assured that cancellation means reduction of armaments. Of course, I can not assure anyone that further cancellation will mean reduction of armaments, or will not mean reduction of armaments; but I want to give some figures which, in my judgment, will show any fair-minded man that we can not hope to secure reduction of armaments in that way.

In the first place the United States is not in a position to ask for a reduction of armaments. During the last fiscal year Japan spent \$236,861,500 on arms; Great Britain spent \$465,255,000 on arms; France spent \$466,960,000 on arms; the Soviet Union spent \$578,942,707 on arms; while America spent \$707,425,000 on arms. In other words, here is America spending more on arms than any other nation under the sun, and asking for a reduction!

I hope later to put in the RECORD a table showing the enormous sums that have been spent by these five great nations on arms since 1922, when we first got the habit of disarming—that is, “disarming” without disarming—or at least without any disarmament on the part of anybody except the United States. After the experience we have had with other nations in 1922 and again in 1927, and again in 1930, if we have not learned that it is useless to try to disarm by agreement, we ought to be “bored for the simples.”

None of these agreements have accomplished anything for disarmament and nothing will be accomplished in February. The truth is that the one single preventive—and that is not really a preventive but just a deterrent—of the building up of greater armaments abroad is these post-war debts. Whenever we cancel them we give these nations just that much more money with which to build great armies and great navies; and we all know in our own minds that that is just exactly what they are going to do. Why try to delude ourselves? Why not be frank about it?

Every nation on earth except America wants to annex other people's territory and other people's peoples. America does not. For that reason she does not need a large standing army at all; and a large navy would be principally beneficial in aiding to keep the peace of the world. Of course, since America has come to be probably a third-rate naval power, her influence in keeping the peace of the world is very small. Japan's utter disregard of America's treaty obligations as to Manchuria is a perfect example of Japan's contempt for the American Navy, the largest and best part of which unhappily is now lying at the bottom of the sea by reason of disarmament conferences.

So I take it that the Congress will not be deluded into canceling these debts, primarily for international bankers and incidentally for European taxpayers, because of any foolish idea that we may get an arms agreement that will be beneficial to the peace of the world.

But beyond all this these European nations ought to quit building up armies and navies in their own interest. They certainly are not going to do it for us unless they believe it is for their own interest. If they would stop building up great armies and great navies, they could pay us in full in a very short period of time. This they are not going to do, and every informed person knows it.

Mr. President, I have already too long trespassed upon the time of the Senate. I apologize and yield the floor.

Mr. WALSH of Montana. Mr. President, some comment having been made upon Senate bill 1560, introduced by the senior Senator from Utah [Mr. SMOOT], I desire to get a little information from him. This is a brief bill and reads as follows:

That at the request of any foreign government the Secretary of the Treasury is authorized and directed to accept, in payment of the whole or any part of the indebtedness now or hereafter owing to the Government of the United States by such foreign

Government, silver at the average market price in the United States for the second calendar month preceding date of payment.

Am I correct in my understanding of the statement made by the Senator that the foreign government is to get credit only for the amount it actually pays for the silver?

Mr. SMOOT. The actual price of silver in the markets of the world.

Mr. WALSH of Montana. If it goes out into the market and buys a million dollars worth of silver and turns it over to us, it gets credit for the amount it pays for the silver?

Mr. SMOOT. The market value of the silver during that period.

Mr. WALSH of Montana. The debt is extinguished only to that extent?

Mr. SMOOT. Only to that extent.

Mr. WALSH of Montana. Very well. It will, of course, have to pay gold for that silver which it buys.

Mr. SMOOT. I do not know; it may pay goods for it. I do not care how they get the silver.

Mr. WALSH of Montana. How could they get it except by paying in gold or in commodities at their gold price?

Mr. SMOOT. It is not compulsory. If they do not have the silver, they need not pay in silver, but we are perfectly willing to say that we will take silver and credit on the obligation the value of the silver at the market price.

Mr. WALSH of Montana. What I would like to know is what incentive is there to a foreign government to pay in silver, which it buys in the world market, when it gets credit only for the current price of silver?

Mr. SMOOT. The incentive is this, that if there is some country which is not on a silver basis, it might throw its silver on the market to-day and sell it for whatever it can and drive the price still lower. Instead of doing this, we say to them, “We will take the silver at the market price in payment on your war obligations.”

Mr. WALSH of Montana. That is practically the same transaction the Farm Board carried on, is it not?

Mr. SMOOT. Not at all.

Mr. WALSH of Montana. The Government would be buying silver for the purpose of controlling the price of silver on the market.

Mr. SMOOT. If we were sure the debtor countries were going to pay their debts in full, that would be another question entirely, but it seems to me there is a sentiment, particularly in foreign countries, although it is growing here, too, that they are not going to pay the war debts in full. I think the propaganda from one end of the world to the other for the cancellation of war debts is having its effect in foreign countries and, I might add, in certain sections of this country. I want all to know that if I can prevent that, it will not be done. I am willing to support legislation that will allow foreign countries to pay war obligations with silver at the market value. But if the governments holding every ounce of silver paid all the silver there was in the world, they would pay only a small percentage of the obligations which are owing to the United States.

Mr. WALSH of Montana. I did not intend to engage the Senator in any discussion as to the merits of the bill. I was trying to understand the operation of the bill.

Mr. SMOOT. That is the effect of the bill.

Mr. WALSH of Montana. The effect is, then, that the foreign governments would go out into the market and buy silver at the current market price and pay for it either in gold or in commodities at their gold value and turn that silver over to the United States. I was wondering what possible incentive there could be for that.

As the proposition was originally put up to me some six months ago, it contemplated that the silver should be turned over to the United States at practically the same value as our silver dollar and extinguish the obligations to that extent. I could very readily see how there would be some incentive to the foreign countries to go into the market and get silver under those circumstances. But if they get credit only for what they pay for it, what incentive is there?



The only thing I see in it is that it is an effort by the Government of the United States to buy silver for the purpose of stabilizing or increasing the price of silver, exactly the same principle under which the Farm Board operates in buying wheat for the purpose of stabilizing the price of wheat or raising its price.

Mr. SMOOT. It could not be the same as the question of wheat. We know how many ounces of silver there are in the world to-day, and we know that some of the countries are trying, every time there is a rise in the price of silver, to dump their silver on the market, just the same as England did when silver went up to 35 cents an ounce a short time ago, and by so doing forced it down to 27 or 28 cents an ounce.

Mr. REED. Mr. President—

The VICE PRESIDENT. Does the Senator from Utah yield to the Senator from Pennsylvania?

Mr. SMOOT. Yes.

Mr. REED. I had expected the Senator from Montana to go farther and ask about the next step in this proposed transaction. Will the Senator from Utah tell us what he expects the Government of the United States to do with the silver after it receives it?

Mr. SMOOT. They can buy a great deal more with it than they can with the obligation of the countries of the world which desire and expect to have those debts canceled.

Mr. REED. That does not exactly answer my question.

Mr. SMOOT. I know it does not; but silver at the price it brings now can not be produced. It can be manufactured into commodities salable in all parts of the world, no matter how long we live or how long this world exists.

Mr. REED. Does the Senator expect the United States Government to sell that silver in the market, so that it can be manufactured into commodities?

Mr. SMOOT. I am not asking it as a part of our currency or our monetary system. She buys it and she can sell it.

Mr. REED. Does the Senator expect her to sell it promptly?

Mr. SMOOT. I do not think we would, promptly. There would be no necessity of selling it promptly.

Mr. REED. Then the Senator would expect us to buy that silver at the world price at the time and to put it in storage and hold it off the market, just as we have been doing with cotton and wheat. Is that the idea?

Mr. WALSH of Montana. Is not that exactly the situation, just exactly the same as if the Government of the United States now went out into the market and bought silver at the market price and stored it in the Treasury?

Mr. REED. I can not see the difference between getting it from the foreign government which owes it and going out into the market and buying it from a private citizen.

Mr. SMOOT. If we were sure of getting these debts paid it would be a different proposition; but the Senator knows, as well as everybody else does, that there is a sentiment growing—there is propaganda and has been propaganda for years past that these debts should be canceled. I would rather take the silver at the market price, the world price, any time than take the obligations of the countries which owe us on account of the war debts.

Mr. REED. Mr. President, I want now for just a few minutes to answer the last statement of the Senator from Utah, and I think, perhaps, this is an appropriate time to do it, because to-day is the day fixed, under the debt-settlement agreements, for the payment of semiannual installments upon the intergovernmental debts which are owed to this country.

It is perfectly true, as the Senator from Utah has just said, that there is propaganda, quite active, in this country, in favor of the cancellation of those debts. It is perfectly true that doubts are expressed about our ever getting any more payments on those intergovernmental obligations, and it is about that that I want for a moment to speak to the Senate.

Mr. President, the propaganda for the cancellation of those debts springs entirely from two sources, one a source to which we need pay no attention—those persons who are interested chiefly in getting further benefit for foreign governments. With that we need not waste our time. Naturally, those who have the interests of European nations at heart would like to see us make further gifts to Europe; but the Senate, the House of Representatives, and the country are not going to be influenced by that kind of propaganda.

Then there is the other kind, the more subtle and the more dangerous kind, which comes from some of our own citizens who are interested chiefly in their own pocketbooks and in the profits they will get from the cancellation of debts due to our Government. I refer principally to those bankers and bond houses who have, since the armistice and since the debt settlements, put out so-called private loans to European nations and the European municipalities, which they would now like to see paid by means of cancellation of the debts owed to the American Government.

Mr. President, let us picture the situation for a moment. When we loaned that money to the foreign governments we did it first under the dire necessity of war time and next under the almost equally dire necessity of post-war prostration, to help in meeting the immediate needs of those countries right after the armistice. The loans were advanced unwillingly by us, and only because of the imperative necessity of winning the war and saving our allies from chaos immediately afterward.

We did not want to advance that money. We knew, if we thought about it at all, that although they made unqualified promises to pay it was going to be difficult for them to pay and difficult for us to collect. We knew that we could not go to war to collect the money. We knew that in every sense those loans were undesirable investments, which we made only because we had to make them.

After those loans were made, after they were resettled in accordance with the capacity-to-pay formula, came a series of private loans. Those private loans were not made under the stress of dire necessity by any means. They were made by American bankers with eyes wide open to the situation of the debtor countries, with full knowledge of the prior existence of this Government's claim, with full knowledge of the difficulty that the debtors would have in meeting both public and private debts. Now to ask that the private claims of some American citizens should be given priority over the intergovernmental claims, which are the claims of all American citizens, seems to me to be a piece of outrageous effrontery.

Mr. GLASS. Mr. President—

The PRESIDING OFFICER (Mr. SHORTRIDGE in the chair). Does the Senator from Pennsylvania yield to the Senator from Virginia?

Mr. REED. I yield.

Mr. GLASS. I imagine that the Senator is willing to say also that those private loans were, without any warrant of law, approved by the State Department, which now seeks to repudiate its own action.

Mr. REED. No; I do not agree with that. Most of them were made with an express refusal of the State Department to take any action on them. Some of them, the earliest ones, were made after a statement by the State Department that it saw no objection to them, but after they had gone on for a while the State Department went even further and refused even to state that they had no objection. They never approved them so far as I know.

Mr. GLASS. Over a long series of years the State Department, under an arrangement, call it what you will, undertook to approve or disapprove all of those loans to foreign governments. It was so persistent in that utterly lawless transaction that this body, without dissent, passed a resolution calling on the State Department to desist.

Mr. REED. I know of no case in which the State Department ever approved a loan. I do know of cases in which they disapproved.



Mr. GLASS. I know of no case in which they disapproved. I know of a great many cases in which they gave the sanction of the State Department to make these loans. In fact, it was only at the last session of the Congress that the Senate itself unanimously adopted a resolution expressing the conviction that the State Department should no longer engage in that lawless practice.

Mr. REED. If the State Department ever did engage in it, I share with the Senator his disapproval of their having given any such indorsement to these private loans.

Mr. GLASS. The Senator at the last session of the Senate to me individually said that he thought the resolution which I had presented ought to be passed, and he voted for it.

Mr. REED. Yes; so there would be no danger of indorsement being given. I share with the Senator his belief that the State Department has no business approving these private loans, but I also say again that I have no knowledge and never had any knowledge of any case where they gave an affirmative approval. I will admit that the failure to disapprove created an impression of approval. I am trying to state the thing accurately.

Mr. GLASS. It meant in fact a sanction of the loans.

Mr. REED. It almost did, and I do not approve of it. I am not trying to defend it.

Mr. ROBINSON of Arkansas. Mr. President—

The PRESIDING OFFICER. Does the Senator from Pennsylvania yield to the Senator from Arkansas?

Mr. REED. I yield.

Mr. ROBINSON of Arkansas. May I ask the Senator a question to make clear to my own mind at least a phase of this debate that is difficult to understand? Is it the Senator's position that the State Department has no authority to approve loans but has authority to disapprove loans?

Mr. REED. No; I do not think the State Department was ever appointed the censor of private loans abroad or domestic loans.

Mr. ROBINSON of Arkansas. The Senator several times during his argument declared he knew of instances in which the State Department has disapproved of loans.

Mr. REED. Yes.

Mr. ROBINSON of Arkansas. But that he knew of no instances in which it had approved loans. What I am wondering is whence the State Department's authority is derived either to approve or disapprove private loans of the character under discussion.

Mr. REED. I do not know that there is anything illegal in expressing the hope that certain loans will not be made to European countries, as the State Department is not constituted to be a censor or appraiser of foreign loans.

Mr. ROBINSON of Arkansas. That implies that it does not pass upon private foreign loans at all, and that it leaves private citizens to make or not to make loans as they choose.

Mr. REED. Exactly; but if the State Department knows some reason why a loan is unwise, it is only doing the reasonable, friendly thing to say so, and in one or two cases that I think I recall they did that.

But that is getting me away from the thread of my argument. What I mean to say is that these private loans were made by some American citizens largely at the instance of American banks and with the full recognition of the prior existence and prior rights of the American Government. I do not believe that the Senate or the House of Representatives is going to yield to persuasion of the propaganda now being put out by distributing houses which floated those loans in the United States. I do not believe we are ever going to subordinate the public loans to those private loans, and we might perhaps clear the air a little bit by saying so.

Furthermore, Mr. President, I do not believe that the propaganda for cancellation, of which the Senator from Utah [Mr. Smoot] tells us, is ever going to make any further headway in the United States. We have canceled all we are going to cancel. It is within the capacity of most of the nations of Europe to pay us the amounts that they owe us, and as long as that fact stares us in the face it is sheer imbecility for us to be any more generous than we have been in the past. We readjusted the debts of France, for

example, according to her supposed capacity to pay. So did Great Britain. My personal feeling is that both Great Britain and ourselves got the worst of the bargain, very much the worst, and that after the debts had been settled we were allowed to discover for the first time that the capacity of France to pay was very much greater than anybody outside of France had suspected. Her capacity to-day to pay is greater than our capacity to cancel, and we ought not to dream of any readjustment of that debt.

I shall not point out particular countries, and I am not trying to be offensive to any of them, but, Mr. President, it is silly for a European power owning far-flung colonies, holding lands all around the circuit of the globe, with museums stuffed with art treasures worth millions and millions in money, to say to us, "The exchange is against us; our currency is depreciated; we can not pay America."

Mr. BARKLEY. Mr. President—

The PRESIDING OFFICER. Does the Senator from Pennsylvania yield to the Senator from Kentucky?

Mr. REED. I yield.

Mr. BARKLEY. I assume from the Senator's statement that he does not favor the revival of the War Debts Commission?

Mr. REED. I do not.

Mr. BARKLEY. I am glad to hear the Senator say that.

Mr. REED. It can have only one result, and that is a further reduction of the amounts due to the United States. Nobody suggests that we shall review those debts with a view to finding an increased capacity to pay on the part of any debtor.

Mr. DILL. Mr. President—

Mr. REED. Please let me finish, and then I shall be glad to yield. I am not trying to escape the Senator's question, but just to finish the thought I was trying to express.

Every one of the debt-settlement agreements contains a provision allowing a postponement for a year or two at the request of any debtor nation. Every one of them contains a provision to take care of an emergency in the affairs of the debtor country. We do not need to recreate any debt commission; we do not need to revise those agreements to give them relief from a temporary emergency.

Mr. BARKLEY. Mr. President, will the Senator yield further?

Mr. REED. Certainly.

Mr. BARKLEY. Under the terms of the debt settlement each nation involved could at its own request secure a 2-year moratorium instead of 1 year, as proposed by the President?

Mr. REED. Yes. I beg the Senator not to get this confused with the moratorium idea in reparations, because the reparations agreement contains no such postponement agreement.

Mr. BARKLEY. Of course; but there is no reparation agreement between Germany and the United States. We are not a party to it at all except indirectly.

Mr. REED. Just the army-of-occupation cost; but that is a small matter. I am talking about the conditions of last July. If there had not been the moratorium, Germany would have gone to smash and everybody knew it; and that is why we all, regardless of party, approved what was done at that time.

Mr. BARKLEY. I agree with the Senator; but was that promised extension, upon which we are required to vote, made at the request of any nation or was it made voluntarily on the part of the Government of the United States?

Mr. REED. The suggestion seems to have been spontaneous with the Government of the United States, and if the French had been a little bit quicker in falling into line with it we would have felt the benefits of it much more than we have; but as it was, it saved Germany from bankruptcy last July.

Mr. SHIPSTEAD. Mr. President—

The PRESIDING OFFICER. Does the Senator from Pennsylvania yield to the Senator from Minnesota?

Mr. REED. I yield.



Mr. SHIPSTEAD. I have heard that statement from many sources, that we saved Germany from bankruptcy. I would like to have some one tell us just how we saved Germany.

Mr. REED. I will tell the Senator. Last July when that proposal was made Germany was losing in the actual export of capital, as I recall the figures, about 80,000,000 gold marks per business day. Every day that the situation remained as it was there was an actual export of capital from Germany, a flowing out of the country, of about 80,000,000 gold marks. We could stand that and France could stand it, but Germany could not begin to stand it with the minute gold resources she had. Japan did not have to stand anything like as bad a drain as that, and yet she has gone off the gold standard for exactly the same reason.

Mr. WHEELER. Mr. President, will the Senator yield?

Mr. REED. I yield.

Mr. WHEELER. Was not the gold export from Germany to a large extent by her own nationals?

Mr. REED. To a large extent. It was by French bankers withdrawing their credit; it was by German nationals, who were frightened, trying to get their capital or credit into other countries. It was by everybody who had a stake in Germany trying to convert it into the credit or the currency of some other nation.

Mr. WHEELER. The Senator knows, of course, that the proposal originated in the United States for the moratorium and it originated in the minds of the same people that he tells us also want a cancellation of indebtedness.

Mr. REED. On the contrary I happen to know that it did not, because the President discussed the question of a moratorium with me long before those New York bankers thought that they invented the idea. I know that of my own knowledge.

Mr. McKELLAR. Mr. President—

The PRESIDING OFFICER. Does the Senator from Pennsylvania yield to the Senator from Tennessee?

Mr. REED. I yield.

Mr. McKELLAR. Is it not true that after the moratorium the German President, with the approval of his Government, had to issue an order prohibiting gold being shipped out of the country? They did that after the moratorium.

Mr. REED. Yes.

Mr. McKELLAR. Was it not the order of President Hindenburg prohibiting the shipment of gold out of the country rather than the moratorium that prevented the shipping of gold out of Germany?

Mr. REED. No. The moratorium had to be reenforced by a lot of measures in Germany compared to which no war-time steps ever taken in this country are even severe. They have done things in Germany in the last week that would be utterly unthinkable in the United States, in a compulsory reduction of established contracts, for the payment of interest, in compulsory reduction of credits upon prices, in drastic efforts to try to keep themselves solvent. They will have to follow that up for a long time to come. But it was the moratorium that saved them from a complete bankruptcy in July.

But let me come back to the debt settlement, because I am almost through.

Mr. SHIPSTEAD. Mr. President, before the Senator does that, may I ask just one further question?

Mr. REED. Very well; I yield.

Mr. SHIPSTEAD. The Senator referred to the flow of gold out of Germany. Does the Senator mean that the moratorium had a tendency to stop that flow?

Mr. REED. It was the first step necessary to stop it.

Mr. SHIPSTEAD. In what manner did it in any way influence the flight of capital from Germany?

Mr. REED. Because it so restored confidence in the continued solvency and endurance of Germany that the desire to export capital disappeared.

Mr. SHIPSTEAD. I beg the Senator's pardon, but he is very much misinformed.

Mr. REED. Perhaps I am, as I do not have any private information about it. I was only watching the results, and those were the results.

Mr. SHIPSTEAD. There was no relaxation of the flight of capital until the German Government absolutely prohibited it of its own accord.

Mr. REED. On the other hand, the very announcement of the proposal of the moratorium was followed immediately by a very great diminution of the exchange transactions that showed the flight of capital. It is all susceptible of proof by the daily newspapers. We need not argue about our recollection.

Mr. SHIPSTEAD. I simply wanted to call attention to the fact that all lines of German credit were very much decreased by the announcement of the moratorium.

Mr. REED. My recollection is to the contrary, and I think the newspapers bear me out.

Mr. WHEELER. Mr. President, will the Senator yield further?

The PRESIDING OFFICER. Does the Senator from Pennsylvania yield further to the Senator from Montana?

Mr. REED. I yield.

Mr. WHEELER. One of the reasons was that the German people expected, after they got the moratorium, that there would be a cancellation of debts to follow it.

Mr. REED. I do not agree with that.

Mr. WHEELER. The Senator does not agree with it?

Mr. REED. No.

Mr. WHEELER. All the Senator has to do is to go to Germany and talk with Germans and he will find that is one of the reasons why they were willing to keep their money in Germany. It was because they thought there would be a cancellation of debt. It was on the theory that there was going to be a cancellation of debts and not merely the moratorium.

Mr. REED. Of course, the Germans want the reparations payments canceled; the French want their debt canceled; everybody wants his debt canceled; we as individuals would like to see our debts canceled; and foreign governments are going to keep on asking for cancellation so long as our unwise statements lead them to think there is any possibility of getting it. That is what I rose to protest against. The Senator from Utah [Mr. Smoot] implied that he had small hope of our ever collecting on our foreign debts. That is what I want to protest against. There is no reason why we should not have hope of collecting those debts, and we will collect them, and will do so much sooner when we quit giving encouragement to the foreign debtor governments by implying that we do not expect them to pay.

The fact is—and I think I am speaking for both sides of the aisle—that we do expect them to pay; that we regard their promise as we would regard our own promise, as one that was made in all sincerity and with the expectation of fulfillment. I firmly believe, Mr. President, that they can pay; I firmly believe that they will pay, if we in Congress will, once for all, put our foot down on the propaganda for cancellation or for postponement. There is no reason why we should not be paid. In the debt settlements we made we have been generous beyond anything that history shows. We have forgiven our former allies practically every cent that was advanced to them before the armistice.

So far as Great Britain goes, I have oftentimes been told that we were bearing hardly upon Great Britain; I have been told that by British people, who said there never could be any real friendship between us and them so long as we were extorting payment on the British debt. Mr. President, when remarks like that are made we ought instantly to reply, "You are not paying us one cent out of taxation; the British treasury is not suffering one single farthing by its payments to us, because for every cent that is being paid to us by the British a corresponding cent is coming in from the Continent on similar intergovernmental debts." Not one penny of British taxation comes to the United States under these debt-settlement agreements. Let us keep that in mind, and use it for a retort to some of those who imply



we are playing "Uncle Shylock" to our loyal friendly allies.

Mr. COSTIGAN. Mr. President—

The PRESIDING OFFICER. Does the Senator from Pennsylvania yield to the Senator from Colorado?

Mr. REED. I do.

Mr. COSTIGAN. Does the Senator from Pennsylvania speak for the administration—that is, for the White House—in making that statement?

Mr. REED. I never speak for the White House; I speak for myself only. Sometimes I seem to agree with the White House, and sometimes not; but I have many times stated on the floor of the Senate that nobody is responsible for what I am saying except myself.

Mr. BORAH. Mr. President—

The PRESIDING OFFICER. Does the Senator from Pennsylvania yield to the Senator from Idaho?

Mr. REED. I yield.

Mr. BORAH. May I ask the Senator, in view of the sentiments which he has expressed, and with which I entirely agree, is there any necessity for the re-creation of the War Debts Commission?

Mr. REED. No; I see no necessity for it, and I think its re-creation might be followed by very unfortunate results. For that reason I myself do not approve the suggestion.

Mr. President, I have practically finished. I rose merely to protest, in the consideration of the moratorium and in the consideration of other intergovernmental financial questions, against statements from any of us to the effect that at the bottom of our hearts we do not expect these debts to be paid, for we do expect them to be paid, Mr. President, and we are false to ourselves when we imply that the expectation is the contrary of that.

Mr. DILL. Mr. President, I understood the Senator when he rose to state that he would say something about the postponement of the payments which are due to-day. Perhaps, however, I misunderstood the Senator.

Mr. REED. I referred to postponement under the moratorium.

Mr. DILL. But no moratorium has as yet been granted under the law.

Mr. REED. No; that is quite correct. Under the law there is, technically, no moratorium, and there is a default; but a vast majority of the membership of both Houses of Congress have authorized the assurance that the moratorium will be approved by Congress; and we know that, in all good conscience, there is no default; at least, that is my own private view.

Mr. DILL. Does not the Senator realize that many of those who were willing to vote for a moratorium of one year when it was first proposed have since come to the conclusion that the moratorium of one year is to be the beginning of a system of moratoriums, leading to cancellation, at least from the viewpoint of the European debtor?

Mr. REED. I do not know the viewpoint of the European debtor, but it certainly is not the opening wedge, so far as I am concerned, and I do not believe it is the opening wedge so far as most Members of Congress are concerned; and, however we may have changed our minds, I regard myself as bound by the word that I gave when the moratorium was suggested.

Mr. SMOOT. Mr. President—

Mr. JOHNSON. Mr. President, I desire to follow the Senator from Pennsylvania [Mr. REED] for a moment.

Mr. SMOOT. What I wish to state will require only a moment.

Mr. JOHNSON. Very well.

Mr. SMOOT. Mr. President, I am informed by the State Department that the department has never approved a private foreign loan at any time in the history of the Government.

Mr. GLASS. Mr. President, that certainly can not relate to bank loans to private individuals, because the State Department has persistently, over a period of two years, asserted the right to do that very thing, although unable all the while to point to statutory authorization for it. Why did

the Senate of the United States, at the last session, adopt a resolution condemning the activities of the State Department in that respect and why did the distinguished Secretary of State on the day following issue a semiofficial statement to the effect that he was going to disregard the action of the Senate in adopting that resolution?

Mr. SMOOT. Mr. President, Mr. Feis, who is the head economist of the State Department, just advises me that that department has never approved a private foreign loan—I say "a private foreign loan."

Mr. GLASS. That is in utter contradiction of the contention of the State Department for the last two years.

Mr. SMOOT. I merely make this statement because I have been so informed.

Mr. GLASS. Well, I, too, am merely making that statement. [Laughter.]

Mr. SMOOT. I want to say to the Senator that I have not gone up to the State Department and talked to any official about it. This information just came up and was sent to me.

Mr. ROBINSON of Arkansas. Will the Senator from Utah inform us of the source of his information?

Mr. SMOOT. Yes; I said it came from Mr. Feis, the head economist of the State Department.

Mr. GLASS. It is in contradiction to the record.

Mr. SMOOT. I am just stating this because I asked a question bearing on the subject.

Mr. President, I suppose there is nobody in the United States who is more opposed to a cancellation of foreign war debts than am I. I have so stated on a number of different occasions; I have never spoken about the debt settlement but that I have stated that I was absolutely opposed to a cancellation of foreign debts. I never expect to vote for such a cancellation at any time, because I think it would be an injustice to the people of our own country.

I wanted to say that because it may be that some Senators feel otherwise because of what the press has printed of late.

Mr. DILL. Mr. President, will the Senator yield?

Mr. SMOOT. Yes; I yield.

Mr. DILL. Does not the Senator think it is better to let our foreign debtors default or repudiate than for us to continue to forgive and cancel their debts?

Mr. SMOOT. I was one who approved of the moratorium under conditions existing at the particular time. I could only repeat, if I were going to tell the story of my personal experience, what the Senator from Pennsylvania has already said in relation to it. I think that if the moratorium had not been announced to the world at the time it was there would have been an absolute disruption of the German Government, and no one can tell if such a disruption had occurred how far it would have affected the financial affairs of the world; and I am quite sure the baneful effects would have reached the Government of the United States.

Mr. DILL. But my question related to the future rather than the past. The Senator a few moments ago, as I understood him, said he never expected the foreign governments to pay those debts. He now says he is in favor of their paying the debts.

Mr. SMOOT. The Senator from Utah said what?

Mr. DILL. The Senator from Utah said that he is in favor of making them pay their debts.

Mr. SMOOT. I always have been in favor of their doing so and never said anything to the contrary.

Mr. DILL. But only a few moments before that the Senator said he never expected them to pay the remainder of the debts. Does not the Senator think it is better for this country to insist upon the payment of the debts and let the foreign nations repudiate them, or to default if they see fit, rather than for us to cancel them?

Mr. SMOOT. Of course, it will be a defalcation rather than a forgiveness of the debts; there is no doubt about that.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator yield?

Mr. SMOOT. Yes.

Mr. ROBINSON of Arkansas. I feel at this juncture it ought to be said that notwithstanding the propaganda in



favor of cancellation there is no fact or circumstance within my knowledge that justifies the assumption by anyone that any government in debt to the United States will repudiate its obligations. I have the conviction that every one of them will discharge its obligations.

Mr. SMOOT. I presume the Senator is perfectly aware of the propaganda that has gone from one end of this country to the other, proceeding from nearly every country that owes us, pointing out the absolute necessity of the cancellation of those debts. I think every Senator must have received literature and communications of that kind, including private letters even from citizens of foreign countries residing in the United States. It is going on yet, and it has been going on ever since the settlements were made.

Mr. ROBINSON of Arkansas. Evidently—if the Senator from Utah will pardon me—

Mr. SMOOT. I have no idea, I will say to the Senator, that the Government of the United States is going to cancel those debts. So far as I am personally concerned, I would rather have the foreign governments repudiate them or fail to pay them, rather than for the Government of the United States to take any action cancelling the debts.

Mr. ROBINSON of Arkansas. I think it is unfortunate for the Senate to proceed in this discussion on the theory that a debtor nation would repudiate its obligations. That is the point I rose to make. What government now owing the United States has taken any action to warrant the assumption on the part of any Senator that it intends to repudiate its debts?

Mr. REED. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Arkansas yield to the Senator from Pennsylvania?

Mr. ROBINSON of Arkansas. Certainly.

Mr. REED. I think, in fairness to the foreign governments that owe us, it ought to be said that not one of them has even asked for a reduction.

Mr. ROBINSON of Arkansas. Mr. President, if the press reports are to be relied on as accurate, notwithstanding the fact that the President, in the extremity which has been described, assumed to suggest a moratorium as to payments now maturing, several of those governments have deposited moneys within the United States sufficient in amount to meet every dollar of the obligations due to-day. The point I am making is that it is not a courteous thing, in view of the record, for Senators to proceed upon the theory that these debtors will repudiate their indebtedness.

Mr. DILL. Mr. President—

The VICE PRESIDENT. Does the Senator from Arkansas yield to the Senator from Washington?

Mr. ROBINSON of Arkansas. I yield.

Mr. DILL. I think I am the Senator who brought that suggestion into this discussion, and I want to say to the Senator from Arkansas that I had no thought of suggesting that they would repudiate or default.

Mr. ROBINSON of Arkansas. I am sure that is true.

Mr. DILL. But the thought I wanted to give expression to, and which I had hoped the Senator from Utah would give expression to, was that if it came to the point where this country must cancel or they must repudiate, we want them to take the responsibility of repudiating rather than for us to take the responsibility of canceling.

Mr. ROBINSON of Arkansas. I understood perfectly well that the Senator stated a hypothetical question, and I think, in view of the fact that several of the foreign governments were ready to pay, notwithstanding the moratorium had been suggested upon the theory that they could not pay, that we ought, in all courtesy, to recognize their attitude, and in the discussion of questions pertaining to foreign debts ought not to assume if we do not cancel—which we will not—that they will repudiate. They will pay.

Mr. JOHNSON. Mr. President, I want to compliment the Senator from Pennsylvania [Mr. REED] upon his usual clarity of statement and the irrefutable logic by which he demonstrates that this country should not discharge its foreign debts. He is entirely right; and when the Senator from Utah [Mr. SMOOT] joins him with the emphasis that is

peculiarly that Senator's, and says that he does not favor cancellation—and I presume, of course, he means, too, reduction—of these foreign debts, I compliment him as well. It is an excellent thing, Mr. President, to find these Senators and all the others upon this floor standing firmly to-day for the rights first of America, and endeavoring to present the right of this country to the collection of that which is justly this country's due.

I might say, in response to what has been said about what governments may and may not endeavor to repudiate our debts, that I have before me the remarks of Mr. Ramsay MacDonald during his campaign, in which he said again and again to his constituents in substance that the moratorium, thank God, ended all foreign debts, and never again will our people—those of the English nation or those of any other country in Europe—be troubled with the payment of the debts that have been asserted to be due from those countries unto the United States of America.

So, I might say, are the views that have been uttered by other responsible statesmen across the water. But that, sir, is apart from the immediate discussion in which we indulge.

The Senator from Pennsylvania has performed, I think, a very excellent service in stating the position that is maintained by those he represents upon this question to-day, so that there can not be hereafter any misunderstanding respecting the attitude of the United States Senate. I am delighted, sir—more than delighted; I rejoice in my very soul—that finally there has been spoken the language that is unmistakable upon this floor concerning cancellation, and, too, as I take it, reduction of the debts that are due to the United States from foreign nations; for, of course, Mr. President, if we agree to a moratorium to-day upon the specious ground that some nation across the water is going to be affected in its economic life by paying some other nation than ours, then of course the argument is equally cogent six months or a year hence, when another moratorium may be asked and a reduction again demanded because of the economic life of the nation that asks it, or the economic life of some nation adjoining it.

So the logic of the situation as presented to-day, and by the arguments of those who have preceded me, is that we should stand here upon our rights—not harshly, of course, for in every debt settlement are written the right and the privilege of the debtor nation to request an extension of time, and that, if ever requested, should be taken up in generous spirit by our Government. We should stand upon the solemn agreements to pay only a part of our due made by foreign nations.

But, sir, when we talk of a moratorium that postpones an indebtedness to-day, we must look forward to a moratorium that will postpone an indebtedness next year and we must look forward to a moratorium that will continue and postpone indebtedness two years from now; and so when you have reached the logical conclusion of your moratorium, you come to the implication of a relinquishment of our rights and you come into the position where, of course, if the logic to-day demands a moratorium and the logic to-morrow may demand another moratorium, you may talk until you are black in the face about refusing to grant cancellation, but you are permitting the opening wedge to cancellation.

Our friend from Pennsylvania says to us that he will not subordinate public to private loans. He is right. He is right. Upon what theory do you subordinate the right of the United States Government, representing all the people of this land, to the payment of what is our whole people's due to the payment of international bankers upon the claims that are theirs?

We forgave by a moratorium \$246,000,000 for a year. Did you read the testimony of Doctor Melchior in Switzerland the other day? By a singular coincidence Germany in the last six months, upon short-term credits, paid \$230,000,000—short-term credits held by whom? Not by ordinary individuals and small people in this land, of course; short-term credits held, of course, by bankers; and when you grant a moratorium you are doing exactly the thing against which the Senator from Pennsylvania inveighs. You are putting



priority upon the claim of the international bankers and you are subordinating the claim of the people of the United States of America.

I am against this moratorium, sir, if mine is the only vote in this Chamber to be against it. I am against it because it puts upon the backs of already overburdened American taxpayers the amount of the debts due to them from foreign governments and foreign peoples. Upon what theory, sir, do you to-day in this country, when you know the distress that exists here, when you know that we have a deficit greater than that of any other country on earth, why to-day do you levy taxes greater than ever before were levied in our country in peace times, levy taxes to pay a deficit in part occasioned by the fact that you have permitted \$246,000,000 to be paid to international bankers upon their obligations, instead of on the obligations due unto the people of the United States?

The time finally has come in this country when, however weak the voice or however humble the individual or however small may be the compass of those he may reach in words, some one must cry aloud for America and Americans and endeavor to protect these people of ours, already staggering under taxation and crushed by disaster, from those who would fasten upon them an additional sum that is their due and that they ought to have.

Mr. SHIPSTEAD. Mr. President, the Senator from Pennsylvania [Mr. REED] and the Senator from Utah [Mr. SMOOR], in answer to a question as to what is the purpose of this moratorium, have stated that the moratorium was necessary in order to save Germany from collapse; that it was made absolutely necessary by the logic of the circumstances existing at the time the moratorium was proclaimed.

I hope both the Senator from Utah and the Senator from Pennsylvania will inform the Senate, if they have any information on the subject, as to just what were the conditions existing at the time. They have made the statement that the moratorium saved Germany from collapse. I trust that before we come to a vote on the moratorium question, they will state just how it saved Germany from collapse. My information is that instead of saving Germany from collapse, it drove Germany very much nearer to collapse than she would have been if there had been no moratorium.

The banks of Germany did not begin to close until a long time after the moratorium was proclaimed. The flight of capital from Germany had been going on for very nearly six months. One bank alone had paid out over 700,000,000 marks in gold; but when the fact of the flight of capital from Germany was advertised throughout the world, that flight increased until most of the large banks, including the central bank of Germany, were forced to close a long time after Germany, France, and England were informed that we were willing to forego the payments on the debts this year.

Certainly there is nothing in the record to show that this moratorium was of the slightest aid to Germany. It did not affect her reparation payments. Germany could not have paid reparations anyway; and the flight of capital from Germany ceased only when as much foreign capital as could be taken had been taken out of Germany and when the German Government took drastic steps to prohibit the exportation of capital not only by citizens living in Germany at the time but by citizens of foreign countries who were drawing money from Germany. The flight of capital from Germany was stopped by the act of the German Government, and the act necessary to stop the flight of capital from Germany was taken by the Government a long time after the proclamation of the moratorium.

As a matter of fact, 90 per cent of the enthusiasm of Europe over the moratorium was based upon the idea that this was the opening wedge for the cancellation of the debts to the United States. That is what made the stock markets go up in London and in New York for a period of time. When they began to hear statements that certain people did not connect debt cancellation with the moratorium, the enthusiasm and the joy disappeared.

If there are any facts in the record to show that there was anything else in this picture, I hope those who are informed of those facts will present them to the Senate.

If they are in the archives of the Department of State, we ought to have them. If they are in the archives of the White House, we ought to have them. If those facts are in the archives of any committee of the Senate, we ought to have them.

I have been searching for the reasons for this moratorium outside of the cancellation of debts, and I have failed to find any.

#### "MONEY—CREDIT"

Mr. TRAMMELL. Mr. President, I ask unanimous consent to have printed in the RECORD an editorial by Judge John W. Dodge, of Jacksonville, Fla., entitled "Money—Credit," appearing in the Deland (Fla.) News.

The VICE PRESIDENT. Without objection, it is so ordered.

The editorial is as follows:

[From the Deland (Fla.) News]

MONEY—CREDIT—A BLESSING—A CURSE

By Judge John W. Dodge

We hear of, speak of, and think of money daily, even hourly, as we never have before. It is the subject and theme of high and low, rich and poor.

Money, however, is largely a mere medium of exchange. It is the thing which, being generally used and accepted as having, or being backed up by, value of some kind, is used as a denominator of value. It enables people to transact business, or make contracts, and to carry out the same—to exchange property, services, or other things of value.

Credit is far more powerful than money. Ninety per cent of all business is a mere exchange of credit. Credit is the world's greatest method and means of sales and exchange.

We are suffering to-day from a lack of credit—frozen credits—a refusal of those who control credit to use, or allow it to be used, by men and women who can furnish property or services to others, but have no medium (credit) with which to bring about a sale or exchange of property or services.

Manufacturers are equipped to make merchandise of all kinds—they want to sell it. The masses want to purchase merchandise and other things. They have services, labor, even property, which they desire to exchange, to sell, to deliver to other people. But there are no means, methods, money, credit, or other facilities open to the masses as the mediums of exchange. Stagnation has resulted.

The fundamental cause of our depression is, therefore, the lack of agencies and instrumentalities which can bring about an exchange between people.

The banks are the ones, the only ones, who can use our Federal reserve system. They refuse to use it—they refuse to furnish a medium of exchange of either money or credit—they refuse to function. The Federal reserve is, therefore, made practically useless in a large degree.

The banks and others holding money and controlling credits have created a cash-basis system upon which others must do business—must make exchanges. The result is that we are far below normal; we are tied up; exchanges can not be made where it takes some time to complete the exchange, to enable goods to be sold, to allow people to work, to create a purchasing power.

We are getting on a barter basis—a cash-delivery system. There are no credits extended. Values have dropped because contracts and sales can not be made, while money and credit are frozen without by those who control them.

Money and credit rightly used is a blessing—tied up, controlled, manipulated for selfish uses and purposes, they are a curse.

We need new leaders—new controllers of credit—a rightful use of our mediums of exchange. Taxation of swollen credits distributes controlled credits and money.

#### RELIEF MEASURES

Mr. COSTIGAN. Mr. President, I ask unanimous consent to have printed in the RECORD a letter of Dr. Jacob Billikopf, executive director of the Federation of Jewish Charities of Philadelphia and impartial chairman of the Men's Clothing Industry, of New York City. This letter was printed in part in yesterday morning's New York Times. For lack of space it was not completely published. I ask publication of the entire letter in the RECORD.

The VICE PRESIDENT. Without objection, it is so ordered.

The letter is as follows:

DECEMBER 14, 1931.

To the Editor NEW YORK TIMES:

In a recent editorial, the Times rightly congratulated the organizers of the charitable drives throughout the country on their showings to date. As a director of a federation of charities, which benefits by such a campaign; as a member of the Unemployment Relief Committee, which also benefits by it; and as one



of the organizers of a united campaign for \$9,000,000—that of Philadelphia—I can not be set down as an outside disparager of their efforts. I have been in it up to my elbows.

Yet any implication that the success of the community-chest campaigns in the 144 cities that have thus far reported indicates that the unemployment-relief situation is in hand is not supported by facts. A community chest is a concert of all sorts of welfare agencies: Hospitals, homes for the aged, child-welfare and family-welfare societies, orphanages, Y. M. and Y. W. C. A.'s, and Boy Scouts and Girl Scouts. What these 144 campaigns indicate is that 144 exceptionally well-organized cities are supporting this whole social-welfare structure, with emergent relief work as a new and important unit. For the thousands of other cities, towns, and villages of the country the success of the chest campaigns means nothing at all.

For 130 of these 144 cities we have data comparable with last year's, which shows an increase of 14.3 per cent in funds raised. This is presumably far more than for relief purposes. Yet relief demands in every American city show an increase quite out of proportion to this gain. Philadelphia's relief expenditures during September of this year were 404 per cent above September, 1930; Chicago's, 267 per cent; New York's, 125 per cent; Cleveland's, 134 per cent; St. Louis's, 214 per cent. Against the rise in need shown by these September figures the increase of 14.3 per cent in private funds for all welfare purposes in 130 cities is not impressive.

In normal times about 30 per cent of the relief needs of the average city are met by private funds, the rest coming from city and county funds. It is obvious that the great bulk of the increased burden of relief must be met by greatly increased public appropriations. But it is the rare city or town that has yet taken action that even remotely suggests adequacy or even awareness.

The interpretation given by the press generally, in headlines and in editorial comment, to the success of the community-chest campaigns this year under the aegis of the President's committee, is dangerous in its tendency to lull the public into a false security on the whole relief situation throughout the country this winter. In New York there has been a straight drive for money for work relief. But that is not the situation generally. In order to stimulate contributions in a time of stringency, relief and unemployment have been ballyhooed from Washington out of all proportion to their place in the chest budgets. The maintenance of the general structure and service of social work is as important as relief; it is more important than ever in hard times. It is as important as keeping up a fire department at its most effective working pitch at a time of drought; of keeping up hospitals and regular health services in time of epidemic. None the less it is unfortunate that because of these circumstances the newspapers and the public are likely to assume that, with the charitable drives out of the way, relief is all attended to and our duty is done.

In the first place we shall not have done our duty in the situation so long as there is such a wide spread between the relief granted by our emergency set-ups and the relief standards set by our going charitable agencies in normal times, based on their studies of what will keep a household intact. Here in Philadelphia, for example—and you must remember that I am identified with both organizations—the minimum relief accorded a family of five by the family society of the Federation of Jewish Charities is \$21.97, divided as follows: Food, \$9.25; lunches, 60 cents; rent, \$5.77 (\$25 per month, 5-room house); light and cooking, 69 cents; clothing, \$2.92; household supplies, 35 cents; car fare, 90 cents; incidentals, 64 cents; coal, 85 cents (on a weekly basis throughout the year).

This is not guesswork; it is based on the most rigorous studies of what is needed to keep body and soul together; to keep health from being impaired; to conserve what we do not want to see broken down in family life. The relief available and distributed by our emergency unemployment-relief committee, which now has under its care 35,000 families, is so far under this standard of adequacy as to be self-evident. It has amounted to \$5 per week for a family of five, for food only. No provision is made for any of the other items in the above schedule, with the exception of milk, which is granted only when necessary.

We shall not have done our duty by the situation until the smaller cities and towns and the outlying districts, such as the coal fields, are covered.

We shall not have done our duty until municipal and county appropriations are actually available to supplement the charitable funds in large cities and small, which by no stretch of the imagination can meet the situation. And there has been no effective leadership from Washington to elicit forethought, planning, and emergent action on the part of local public officials throughout the country.

We shall not have done our duty by the situation until State resources are put behind city funds where these fall short. New York, thanks to Governor Roosevelt, has made the outstanding move in this direction. Pennsylvania, under Pinchot, is in the throes of doing it. But the Pennsylvania Governor has been blocked by constitutional restrictions and by other limitations. The Wisconsin Legislature, now in special session, has before it a rounded program blocked out by an interim committee. But for the most part the States are as yet inactive, and the winter is almost upon us. And there has been no calling of the governors into conference at Washington to set the wheels going, or a kindred challenge to State action.

We shall not have done our duty if hunger walks the streets this winter and if we fail to tap national resources, should State resources and action fall short. So far as I know, there has been no survey by the leaders at Washington of the extent of city and State revenues which can or might be available, without which knowledge Congress can not act intelligently or intelligently refrain from action.

We shall not have done our duty if in the midst of this depression and its mass unemployment we do not take steps to lay the foundations of a system through which industry shall itself, out of the surplus of normal times, lay by some reserves to give security to the families of the workers it laid off. Unemployment is an industrial risk, and there is neither logic nor reason in letting the whole burden come down, as so much of it does now, on charitable givers, on real-estate-tax payers, and on working-class homes.

If we turn to the Survey, the journal of the social workers of the country, we find the situation summed up by its editor, Mr. Paul U. Kellogg, as follows:

"That we should be in the mess we are in after a decade of soaring prosperity is all the more a call for new leadership in our industrial civilization. Unemployment relief thrusts a staggering burden upon our social agencies, public and private. It shakes and may shatter our whole scheme of social work—health, recreation, education, case standards—for helping people in the ordinary coils of misfortune. Yet it is driven home to us that charitable giving is not sufficient. The relief budgets embedded in the sums raised by the community drives under the lead of the President's committee won't of themselves last the winter out. They can't make up for the flattening out of pay envelopes everywhere. Social workers who are stewards of these funds know this. We turn to municipal help, but that throws onto real estate the brunt of an industrial risk at a time when landlords are shy on rents, when business is stalled, and when home owners run the risk of losing their equities. This left-handed blow at middle-class incomes gives another twist to the down-spiral of purchasing power. Moreover, the resources of hundreds of American municipalities will be cramped for a long time to come because of their relief bills last winter and this.

"Slowly we have begun to realize that local taxation will not afford enough money. In New York, Governor Roosevelt has turned to the State income tax to carry a part of the load. His was a courageous, resourceful move, but again it cuts in on current private incomes at a time when they are reduced and are needed for revival. In Rhode Island the State contemplates underwriting the emergent relief bonds of municipalities, but that is mortgaging the time ahead when Rhode Island will be struggling to its feet. The same is true of Governor Pinchot's prosperity loan in Pennsylvania; equally courageous and resourceful, but equally an augmented tax on times ahead for an evil that should have been fended against and met in part in times past. There will be a drive for Federal relief if hunger stalks this winter. A lot can be said for tapping the one great stream of national income to buoy up what is a national emergency as truly as any war. Not since the Civil War have we known a conflict which devastated American homes like this depression.

"But my point is that these are all hectic efforts to close the door after the horse is stolen, to try, out of the shrunken income of hard times, to temper their impact.

"Why shouldn't American industry, as a matter of self-respect and self-dependence, of long-range common sense, set its house in order so that hereafter, in good times, it will lay by some measure of resources that can be unlimbered at the first turn of that spiral? Is it so hopeless to find a modern counterpart for what Joseph did with his granaries during the seven fat years in Egypt? After all, we are having a pretty thorough awakening from our dreams, too."

JACOB BILLIKOFF,  
Executive Director Federation of Jewish Charities,  
Philadelphia; Impartial Chairman Men's Clothing  
Industry, City of New York.

#### MR. BOWERS ON THE POLITICAL SITUATION

Mr. TYDINGS. Mr. President, I ask to have printed in the RECORD an article appearing in the Washington Times of December 9, by Mr. Claude G. Bowers.

The VICE PRESIDENT. Is there objection?

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the Washington Times, Washington, D. C., December 9, 1931]

DONNYBROOK-KILKENNY IN WASHINGTON

By Claude G. Bowers

Under the great dome of the Capitol in Washington the chosen representatives of the people have assembled.

Mark Sullivan is an important correspondent, because his intimacy with the President reflects the presidential hopes and plans. Clearly we are to hear much about the desirability of a "coalition" government, of that "cooperation" which experience has shown means, in the mind of Mr. Hoover, the subserviency of the Democrats to the presidential policies that so signally have failed to appeal to the judgment of the people. The issues, of course, will be economic, but we would no more expect the two parties to



entertain the same views on all the economic problems than we would have expected Woodrow Wilson and Nelson Aldrich to have agreed upon them.

#### THINKS ADMINISTRATION HOPES FOR DISRUPTION

The evidently desperate hope of the administration is that the Democrats will fly at one another's throats on nonessentials and kill their own fair prospects. Mr. Sullivan is rather distressed about it. He thinks that "maybe" they will be harmonious. He evokes the memories of the convention of 1924. He is sure they are going to split because of sectional differences—they, of the only party that is not purely sectional.

They have just agreed in perfect harmony to a Speaker from the South and a leader from the North, but that does not calm the fears of the administration circle. And Mr. Sullivan is alarmed lest the Democrats disagree on prohibition, forgetting conveniently that the Republicans are not in agreement on it. And he informs us of something we did not know—that the public "tends to think the Democrats are rather given to chaos, to Donnybrook fairs and Kilkenny noises." This based, no doubt, upon the strong, sane, constructive, and harmonious manner in which the Democrats, under the leadership of Clark and Underwood, managed the House under similar conditions.

#### REPUBLICANS FAIL TO SEE ALIKE

All these lugubrious lamentations of the administration camp at first were puzzling, until in the same issue of the New York Herald Tribune we turned to the forecasts of the session from Senator Fess, one of the field marshals of the President, and from Senator Nye, representing the Republican insurgents. And then we saw that it was a "stop thief" hue and cry in the hope of diverting attention from the unfortunate dissensions in the administration camp.

Senator Fess, running true to administration form, devotes much of his article to the dreadful conditions across the sea. Senator Nye confines himself, as an American Senator, to the dreadful conditions here at home.

The two men are unable to see alike on what the administration has done to prevent human misery and starvation. Thus Senator Fess tells us:

"The spiritual and material strength of our people have been marshaled and funds are being gathered locally throughout the country to prevent starvation this winter."

This, of course, is nothing that the administration, the people's national Government is doing. Senator Nye does not share in his colleague's bland satisfaction. On the contrary, he says:

"The Federal Government has merely touched the hem or fringe of the unemployment situation with a totally inadequate relief program, a mere pittance. What is needed and what will be proposed by Progressives is a building and constructive program of sufficient magnitude. The duty of a national government is to meet a national crisis in a national way with the power of the nation, instead of running from its duty."

And there is more than a touch of Donnybrook fair in that!

#### KILKENNY BATTLE ON TARIFF ISSUES

Then Senator Fess, turning his back on realities, remembering the political economy of Pig Iron Kelly's book of speeches, ignoring the common comment of business men and bankers of his own political persuasion that the tariff is wrecking our foreign trade and ruining our prospects of recovery, says with a brave smile:

"Administration leaders will not waver on the tariff, despite demands for 'tariff revision' and 'tariff modification.'"

And Senator Nye, swinging a blackthorn with all the facility and felicity of a Donnybrook play boy, says:

"Already there is an invisible but extortionate tax in the form of an indefensibly high tariff. It was handed to the country with the assurance that it would 'protect the American workingman' and increase or maintain prosperity. The result we know. Progressives propose reduction of excessive tariff rates."

And there is the suggestion of a Kilkenny battle in that, too.

#### VIEWS OF LEADERS DIFFER RADICALLY

The point of view of these two Republicans, representing a distinct and deep cleavage in the President's party, is fundamentally opposed. Thus Senator Fess rhapsodizes on the "prosperity" and sound conditions that have been brought about by the policies of his party for many years. This all seems out of place to Senator Nye, who says:

"Reputable economists have estimated that 8 per cent of our population own 75 per cent of the national wealth. They have stated that 80,000,000 of our population of 125,000,000 have an income of less than \$700 a year. Progressives believe that the first duty of government is concerned with the welfare of those 80,000,000 and of millions more who lack economic security."

Could any two views be more remote from one another?

Isn't there more than a suggestion of Donnybrook and Kilkenny here?

#### SHOULD SEEK HARMONY IN THEIR OWN PARTY

Kind as it is for the supporters of Mr. Hoover to feel distress over the differences among Democrats, and generous as it is to suggest grounds on which they may do battle with one another in the interest of the reelection of Mr. Hoover, it does seem that all their powers of persuasion might better be expended in trying to harmonize the Fesses and the Nyes.

There will be more Democratic harmony in the House than there will be Republican harmony in the Senate.

And, after all, it was a Republican not a Democratic Senator who publicly has informed the President that an announcement that he does not choose to run would earn him the gratitude of the rank and file of his party.

#### BOND ISSUE FOR PUBLIC WORKS

Mr. BLACK. Mr. President, I desire to send a resolution to the desk, and ask for its immediate consideration.

The VICE PRESIDENT. Is there objection?

Mr. BRATTON. Let the resolution be read.

The VICE PRESIDENT. The resolution will be read for the information of the Senate.

The resolution (S. Res. 94) was read, as follows:

Whereas the paramount problem confronting our Nation to-day is unemployment and public distress; and

Whereas this situation exists at a time when the national wealth is the greatest in our history; and

Whereas there is to-day a surplus of food, clothing, and other necessities of life which can not be purchased by millions of American citizens who want and need them, because they are unable to secure work; and

Whereas this condition has stopped the work of our mills and factories and condemned our people to involuntary idleness; and

Whereas this condition has created a national emergency, which calls for quick and effective action, in order to utilize our national resources for the public welfare: Now, therefore, be it

Resolved, That the Committee on Finance is authorized and directed to prepare a bill and report to the Senate at the earliest possible date, said bill to authorize the issue and sale of a Government bond issue of \$1,000,000,000, and providing for the expenditure of said money throughout the States in the building of highways, bridges, and other public projects, having in view the doing of such work as will be most useful to the public and employing the maximum amount of human labor, and work that can be begun in each particular locality with the least possible delay.

The Committee on Finance, or any properly authorized subcommittee thereof, is hereby authorized to conduct such hearings as may be necessary to determine how the money raised by such bond issue shall be expended to accomplish the purposes hereinbefore set out and to determine what other funds should be raised, and how, for a program of public works throughout the States, and for what purposes and in what manner it should be expended.

The VICE PRESIDENT. Is there objection to the present consideration of the resolution?

Mr. WATSON. I ask that it may lie over one day.

Mr. BLACK. Mr. President, may I make a statement before the Senator raises his objection?

Mr. WATSON. Certainly.

Mr. BLACK. I do not care to make any extended remarks except to call the attention of the Senate to the fact that we have now been here some days, we have discussed the moratorium, we have proceeded for some days to the election of a President pro tempore, but so far nothing has been done, no effort has been made in this body, so far as I can recall, to utilize our time in providing any machinery to do whatever the Government can do to relieve the paramount question of unemployment.

It is anticipated that before long we shall probably adjourn for the Christmas holidays. At least 7,000,000 men are out of work, and there is plenty of capital in this country to place them to work in useful public projects. This resolution simply provides, assuming that the Senate is ready to vote a billion dollar bond issue for useful public works, that the Finance Committee shall investigate and determine whether that money could be best spent for highways or public buildings or public bridges, or in what way we could utilize some of our national resources for the purpose of giving employment to men.

If we do not do something of this nature before long, we are going to be confronted with a proposal which probably at that time will be irresistible, that we make contributions out of the Public Treasury to give what some have said would be a dole.

I am simply proposing that now, before that condition arises, the Finance Committee proceed at once to determine how we can best utilize some public money for some public work, to put the maximum amount of human labor at some useful effort.

In connection with that I have requested that we proceed to the immediate consideration of this resolution, rather than to further ballot on who shall be President pro tempore. As a matter of fact, I have been wondering a little bit whether the 7,000,000 unemployed were vitally interested



in that proposition. I have been wondering how many people it would feed, to how many people it would give jobs, for us to continue to ballot day after day on who should be President pro tempore of the Senate.

This resolution simply would provide that the Finance Committee investigate and determine whether or not the maximum amount of men would be employed by the building of public highways or by the construction of public building, whether in New York, buildings could be constructed more quickly, perchance, than highways, and whether they would be more necessary. It would result, before we adjourn for the holidays, in our doing that which the whole country is expecting the Senate and the Congress will do, at least to take some time to discuss the paramount question which confronts the people of America.

I desire to give notice that I shall call up this resolution from day to day. I regret that there is objection to it now. I had hoped that there would not be.

I send to the desk and ask to have read a poem which appeared in the Thanksgiving issue of the Washington Herald, written by Mr. George E. Phair, which, it seems to me, would be appropriate to follow the resolution which I have just offered.

The VICE PRESIDENT. It will be read in the Senator's time.

The legislative clerk read as follows:

#### THANKSGIVING

By George E. Phair

"I thank Thee, Lord," the workman said,  
"For all Thy golden wheat,  
Enough to flood the world with bread,  
Though I have none to eat."

"I thank Thee for the cotton bales  
That tower high in the air  
To fend the world from wintry gales  
Though I have naught to wear."

"I thank Thee for the whirling wheels  
That fashion shoes to wear  
Although the stony pavement feels  
Unkind when soles are bare."

"I thank Thee for the teeming herds  
That graze on grasses sweet  
Though statesmen fling me empty words  
Instead of good red meat."

"And though the landlord's heart is cold  
Against my last appeal,  
I thank Thee, Lord, for all the gold  
That fills our vaults of steel!"

#### PROPOSED HOLIDAY RECESS

The VICE PRESIDENT. The unfinished business is the election of a President pro tempore.

Mr. BORAH. Mr. President, before we proceed to the election of a President pro tempore, I would like to ask those having charge of that particular feature of our program what arrangement is being made with reference to adjournment?

Mr. WATSON. Mr. President, some 10 days ago I took the matter up with the Speaker of the House of Representatives, and he suggested that the House would not be ready to adjourn before the 22d. That will be next Tuesday. I told him that I thought that as far as the Senate was concerned that would probably be satisfactory.

I assume that the Senate would want an adjournment, and probably as many as 25 Senators have come to me in the last two days saying that they intended leaving either Saturday or Monday, and would not remain here after that time. Therefore it becomes just a matter of policy as to what course we should pursue.

I have no advice to give except this, that I am informed—and I think somewhat reliably—that the moratorium bill will pass the House not later than Saturday. If it be sent over here it will be referred to the Committee on Finance, will be taken up possibly on Monday, and might be reported out by Tuesday, and if the House wanted to adjourn on Tuesday, it could not be considered before that day. I am informed by many Senators who want to discuss the moratorium that some time will be required for them to enter into that discussion as fully as they desire.

Mr. SMOOT. Mr. President, will the Senator yield to me?

Mr. WATSON. Certainly.

Mr. SMOOT. I may say to the Senator that I have called a meeting of the Finance Committee for to-morrow morning, and I shall at that time bring before the committee the matter referred to by the Senator, with a view, if they agree upon the policy, that we may act, so that when the bill passes the House I may be instructed to put the bill upon its passage immediately. I do not know what action the committee will take, but that is what I am going to ask to have done to-morrow.

Mr. COUZENS. Mr. President—

The VICE PRESIDENT. Does the Senator from Idaho yield to the Senator from Michigan?

Mr. BORAH. I yield.

Mr. COUZENS. From the information I have I think the Senator from Utah may dispense with the hope he has expressed, because I am quite confident that the committee will not go through with any such procedure if the bill is passed by the House.

Mr. BORAH. Mr. President, I am not desirous of putting any limit on the consideration of the moratorium bill or any other measure. What I wanted to ascertain was what the program was. Are we going to adjourn Saturday until the 4th or 5th of January?

Mr. WATSON. Mr. President, inasmuch as the House is preparing to adjourn on Tuesday, and inasmuch as a third if not a half of the Members of the Senate will be absent on Monday, it appears to me that what we ought to do is to adjourn from Saturday to Tuesday, and then adjourn for the holidays.

Mr. BORAH. Mr. President, I am not going to take the time now, but I am utterly opposed to that program, and when the time comes I am going to interpose my objection.

#### ELECTION OF PRESIDENT PRO TEMPORE

The VICE PRESIDENT. The question is on the election of a President pro tempore. The Secretary will call the roll.

The legislative clerk proceeded to call the roll.

Mr. AUSTIN (when his name was called). I announce my pair with the junior Senator from Utah [Mr. KING] and withhold my vote. If the junior Senator from Utah were present, he would vote for Senator PITTMAN, and if I were at liberty to vote I would vote for Senator MOSES.

Mr. COPELAND (when his name was called). I have a pair to-day with the senior Senator from Colorado [Mr. WATERMAN], who is absent. I therefore withhold my vote. If I were permitted to vote, I should vote for Senator PITTMAN. If the Senator from Colorado were present, he would vote for Senator MOSES.

Mr. HASTINGS (when his name was called). I have a pair to-day with the senior Senator from Mississippi [Mr. HARRISON]. If he were present, he would vote for Senator PITTMAN, and if I were permitted to vote I would vote for Senator MOSES.

Mr. McNARY (when Mr. JONES's name was called). The senior Senator from Washington [Mr. JONES] is absent on important work. On this vote he is paired with the senior Senator from Virginia [Mr. SWANSON].

Mr. LOGAN (when his name was called). I have a pair with the junior Senator from Pennsylvania [Mr. DAVIS], who is absent. If he were present, he would vote for Senator MOSES, and if I were at liberty to vote I would vote for Senator PITTMAN.

Mr. MOSES (when his name was called). On this and all votes connected with this question I am paired with the senior Senator from Nevada [Mr. PITTMAN] and therefore withhold my vote.

Mr. ROBINSON of Indiana (when his name was called.) I have a general pair with the junior Senator from Mississippi [Mr. STEPHENS], who is detained at home on account of illness. I transfer my pair to the senior Senator from Ohio [Mr. FESS] and vote for Senator MOSES. I have been requested to announce that the senior Senator from Ohio [Mr. FESS], were he present, would vote for Senator MOSES.



Mr. SHEPPARD (when the name of Mr. THOMAS of Oklahoma was called). The senior Senator from Oklahoma [Mr. THOMAS], being unavoidably absent, is paired with the senior Senator from Illinois [Mr. GLENN]. If the Senator from Oklahoma [Mr. THOMAS] were present, he would vote for Senator PITTMAN.

The roll call was concluded.

Mr. SHEPPARD. I wish to announce that the junior Senator from Mississippi [Mr. STEPHENS] is necessarily detained from the Senate by illness.

Mr. BULKLEY (after having voted for Senator PITTMAN). I have a pair with the junior Senator from Wyoming [Mr. CAREY]. I understand he is absent on official business. If he were present, he would vote for Senator MOSES. I am therefore constrained to withdraw my vote for Senator PITTMAN.

Mr. WAGNER (after having voted for Senator PITTMAN). Has the junior Senator from Missouri [Mr. PATTERSON] voted?

The VICE PRESIDENT. That Senator has not voted.

Mr. WAGNER. I have a general pair with that Senator and therefore withdraw my vote.

Mr. HASTINGS. I have previously announced my pair with the senior Senator from Mississippi [Mr. HARRISON]. I transfer that pair to the junior Senator from Connecticut [Mr. WALCOTT] and vote for Senator MOSES.

The result was announced as follows:

• FOR SENATOR PITTMAN—36

Ashurst	Caraway	Harris	Neely
Bailey	Connally	Hawes	Robinson, Ark.
Bankhead	Coolidge	Hayden	Sheppard
Barkley	Costigan	Hull	Smith
Black	Dill	Kendrick	Trammell
Bratton	Fletcher	Lewis	Tydings
Broussard	George	McGill	Walsh, Mass.
Bulow	Glass	McKellar	Walsh, Mont.
Byrnes	Gore	Morrison	Wheeler

FOR SENATOR MOSES—26

Barbour	Hatfield	Norbeck	Stelwer
Bingham	Hebert	Oddie	Townsend
Dale	Johnson	Reed	Vandenberg
Dickinson	Kean	Robinson, Ind.	Watson
Goldsborough	Keyes	Schall	White
Hale	McNary	Shortridge	
Hastings	Metcalf	Smoot	

FOR SENATOR VANDENBERG—13

Blaine	Couzens	La Follette	Thomas, Idaho
Borah	Cutting	Norris	
Brookhart	Frazier	Nye	
Capper	Howell	Shipstead	

The VICE PRESIDENT. On this ballot 36 votes were cast for Senator PITTMAN, 26 for Senator MOSES, and 13 for Senator VANDENBERG. A total of 75 votes were cast, 38 being necessary for a choice. No one having received a majority of votes cast, there is no election. The clerk will again call the roll.

Mr. ASHURST. Mr. President, anticipating that another ballot will be had within a few moments and remembering vividly what the senior Senator from Arkansas [Mr. ROBINSON] said yesterday respecting this impasse, I am at this juncture going to make a point of order against any further balloting or voting for President pro tempore unless the rule of the Senate is strictly observed. I ask that the esteemed Vice President advert to clause 1 of Rule I, which reads as follows:

In the absence of the Vice President, the Senate shall choose a President pro tempore.

I make the point that the Senate has no authority or jurisdiction to proceed to vote for a President pro tempore unless and until the Vice President is absent. He is not absent; he is present. That is the rule, and I ask the Chair to read the same.

The VICE PRESIDENT. The Chair desires to call the attention of the Senator from Arizona to a resolution which was adopted by the Senate in 1890, as follows:

Resolved, That it is competent for the Senate to elect a President pro tempore, who shall hold the office during the pleasure of the Senate and until another is elected, and shall execute the duties thereof during all future absences of the Vice President until the Senate otherwise order.

Mr. ASHURST. May I be permitted respectfully to observe that the resolution which the Vice President just read in no way contravenes and is in no sense in opposition to or contradictory of the present rule. It is true that the President pro tempore holds his office until his successor is elected. I think there is no Senator here who doubts that. But we must give some meaning to the plain wording of this rule—and it is the first clause of the first rule—viz:

In the absence of the Vice President, the Senate shall choose a President pro tempore.

Then, not content with that language, not content with that emphasis, the next clause begins, "In the absence of the Vice President," and so forth. I respectfully insist that the Senate has no authority to proceed to the election of a President pro tempore unless and until the Vice President is absent. I distinctly recall, and will ask Senators to look at the CONGRESSIONAL RECORD in support of my statement, that in 1915, or thereabouts, whilst Vice President Marshall was in the chair, a motion was made to proceed to the election of a President pro tempore, and, upon a point of order being made, the Vice President left the chair before we proceeded to the election of a President pro tempore.

This has grown into a serious matter, and I am emboldened to make the point of order because of the pertinent and statesmanlike remarks of the senior Senator from Arkansas [Mr. ROBINSON] that the country expects action on the part of the Senate, expects business to be transacted, and yet here we are engaged in a futile struggle to elect a President pro tempore while the Presiding Officer, the constitutional officer, the Vice President, is not absent, but is here. I insist upon my point of order.

Mr. DILL. Mr. President, will the Senator yield for a question?

Mr. ASHURST. With pleasure.

Mr. DILL. If the rule is literally complied with, who will preside over the Senate while the Senate is choosing a President pro tempore?

Mr. ASHURST. The President pro tempore, if he be present. If he be absent, he may designate some one under our rules.

Mr. DILL. But there is no President pro tempore.

Mr. ASHURST. Oh, yes; he is a continuing officer.

Mr. NORRIS. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Arizona yield to the Senator from Nebraska?

Mr. ASHURST. Certainly.

Mr. NORRIS. Suppose—and the rule was made with this in view—that there were no President pro tempore; who would preside?

Mr. ASHURST. Then the Secretary of the Senate would preside.

Mr. NORRIS. I was merely anxious that the Senator should provide us with a presiding officer.

Mr. ASHURST. I insist with the seriousness which always accompanies what I say that the point of order be decided now.

The VICE PRESIDENT. The Chair will state that when the resolution to which he previously referred was adopted, the practice prevailed of electing a President pro tempore every day, or when the occasion arose; sometimes it was every day. An argument was made at the time that the question should be settled and the Senate should be authorized to elect a President pro tempore. The resolution to which the Chair referred was adopted to avoid the necessity of electing a President pro tempore every time the Vice President was absent. Therefore the Chair overrules the point of order raised by the Senator from Arizona.

Mr. ASHURST. Mr. President, I shall not appeal from the ruling, but I do not wish it to stand as an unopposed and unprotected precedent.

The VICE PRESIDENT. The protest of the Senator will be entered. The Secretary will call the roll.

The legislative clerk proceeded to call the roll.

Mr. BULKLEY (when his name was called). In the absence of the junior Senator from Wyoming [Mr. CAREY],



with whom I am paired, I withhold my vote. If present, the junior Senator from Wyoming would vote for Senator MOSES, and if I were free to vote I would vote for Senator PITTMAN.

Mr. COPELAND (when his name was called). Repeating my statement regarding my pair with the senior Senator from Colorado [Mr. WATERMAN], I withhold my vote.

Mr. HASTINGS (when his name was called). Making the same announcement as heretofore with regard to my pair, I withhold my vote.

Mr. LOGAN (when his name was called). For reasons given on the previous roll call I withhold my vote.

Mr. MOSES (when his name was called). Repeating the announcement of my pair, I withhold my vote.

Mr. ROBINSON of Indiana (when his name was called). Making the same announcement as on the preceding ballot, transferring my general pair, I vote for Senator MOSES.

Mr. SHEPPARD (when the name of Mr. THOMAS of Oklahoma was called). The Senator from Oklahoma [Mr. THOMAS] is unavoidably absent. He is paired with the Senator from Illinois [Mr. GLENN]. If the Senator from Oklahoma were present, he would vote for Senator PITTMAN.

Mr. WAGNER (when his name was called). I am paired with the junior Senator from Missouri [Mr. PATTERSON] and therefore withhold my vote.

Mr. WHEELER (when his name was called). On this vote I have a pair with the junior Senator from New Mexico [Mr. CUTTING]. If permitted to vote, I should vote for Senator PITTMAN.

Mr. McNARY. I wish again to announce the absence of the senior Senator from Washington [Mr. JONES] on important work and his pair with the senior Senator from Virginia [Mr. SWANSON].

The roll call having been concluded, resulted:

#### FOR SENATOR PITTMAN—36

Ashurst	Caraway	Harris	Morrison
Bailey	Connally	Hawes	Neely
Bankhead	Coolidge	Hayden	Robinson, Ark.
Barkley	Costigan	Hull	Sheppard
Black	Dill	Kendrick	Smith
Bratton	Fletcher	King	Trammell
Broussard	George	Lewis	Tydings
Bulow	Glass	McGill	Walsh, Mass.
Byrnes	Gore	McKellar	Walsh, Mont.

#### FOR SENATOR MOSES—27

Austin	Hatfield	Norbeck	Steiwer
Barbour	Hebert	Oddie	Townsend
Bingham	Johnson	Reed	Vandenberg
Dale	Kean	Robinson, Ind.	Walcott
Dickinson	Keyes	Schall	Watson
Goldsborough	McNary	Shortridge	White
Hale	Metcalf	Smoot	

#### FOR SENATOR McNARY—12

Blaine	Capper	Howell	Nye
Borah	Couzens	La Follette	Shipstead
Brookhart	Frazier	Norris	Thomas, Idaho

The VICE PRESIDENT. On this ballot Senator PITTMAN has received 36 votes, Senator MOSES 27, and Senator McNARY 12. There have been cast 75 votes; necessary for a choice, 38. No Senator having received a majority of the votes cast, there is no election.

Mr. McNARY. Mr. President, again announcing my determination not to be considered in connection with this office, I shall cast my vote on the next ballot for Senator MOSES.

#### MESSAGES FROM THE PRESIDENT

Messages in writing from the President of the United States submitting nominations were communicated to the Senate by Mr. Latta, one of his secretaries.

#### EXECUTIVE MESSAGES REFERRED

The VICE PRESIDENT, as in executive session, laid before the Senate messages from the President of the United States making sundry judicial nominations, which were referred to the Committee on the Judiciary.

[For nominations this day received see the end of Senate proceedings.]

#### ADJOURNMENT

Mr. WATSON. I move that the Senate adjourn, the adjournment being until to-morrow at 12 o'clock noon.

The motion was agreed to; and (at 4 o'clock and 25 minutes p. m.) the Senate adjourned until to-morrow, Wednesday, December 16, 1931, at 12 o'clock meridian.

#### NOMINATIONS

*Executive nominations received by the Senate December 15, 1931*

#### UNITED STATES CIRCUIT JUDGES

James M. Morton, jr., of Massachusetts, to be United States circuit judge, first circuit. (To succeed George W. Anderson, retired.)

Morris A. Soper, of Maryland, to be United States circuit judge, fourth circuit, to succeed Edmund Waddill, jr., deceased. (Mr. Soper is now serving under a recess appointment.)

#### UNITED STATES DISTRICT JUDGES

W. Calvin Chesnut, of Maryland, to be United States district judge, district of Maryland, to succeed Morris A. Soper, appointed United States circuit judge, fourth circuit. (Mr. Chesnut is now serving under a recess appointment.)

John Knight, of New York, to be United States district judge, western district of New York, to succeed John R. Hazel, resigned. (Mr. Knight is now serving under a recess appointment.)

James Alger Fee, of Oregon, to be United States district judge, district of Oregon, to succeed Robert S. Bean, deceased. (Mr. Fee is now serving under a recess appointment.)

Robert J. McMillan, of Texas, to be United States district judge, western district of Texas. (To succeed DuVal West, retired.)

John Paul, of Virginia, to be United States district judge, western district of Virginia. (To succeed Henry C. McDowell, retired.)

#### ASSOCIATE JUSTICES OF THE SUPREME COURT OF THE DISTRICT OF COLUMBIA

F. Dickinson Letts, of Iowa, to be an Associate Justice of the Supreme Court of the District of Columbia, to succeed Wendell Phillips Stafford, resigned. (Mr. Letts is now serving under a recess appointment.)

Daniel W. O'Donoghue, of the District of Columbia, to be an Associate Justice of the Supreme Court of the District of Columbia, to succeed Frederick L. Siddons, deceased. (Mr. O'Donoghue is now serving under a recess appointment.)

#### ASSISTANT ATTORNEY GENERAL

Roy St. Lewis, of Oklahoma, to be Assistant Attorney General, to succeed George R. Farnum, resigned. (Mr. St. Lewis is now serving under a recess appointment.)

#### UNITED STATES ATTORNEYS

Arthur B. Chilton, of Alabama, to be United States attorney, middle district of Alabama, to succeed Grady Reynolds, term expired. (Mr. Chilton is now serving under a recess appointment.)

Leroy M. Sullivan, of Alaska, to be United States attorney, district of Alaska, division No. 2, to succeed Julius Harold Hart, resigned. (Mr. Sullivan is now serving under a recess appointment.)

Paul F. Jones, of Illinois, to be United States attorney, eastern district of Illinois, to succeed Harold G. Baker, term expired. (Mr. Jones is now serving under a recess appointment.)

Charles A. Jonas, of North Carolina, to be United States attorney, western district of North Carolina, to succeed Thomas J. Harkins, resigned. Mr. Jonas is now serving under a recess appointment.)

Herbert K. Hyde, of Oklahoma, to be United States attorney, western district of Oklahoma, to succeed Roy St. Lewis, resigned. (Mr. Hyde is now serving under a recess appointment.)

Robert H. Talley, of Virginia, to be United States attorney, eastern district of Virginia, to succeed Paul W. Kear, resigned. (Mr. Talley is now serving under a recess appointment.)



## UNITED STATES MARSHALS

Samuel Purvis, of Georgia, to be United States marshal, middle district of Georgia. (He is now serving in his position under an appointment which expired December 22, 1930.)

Allen B. Kale, of South Carolina, to be United States marshal, eastern district of South Carolina, to succeed Samuel J. Leaphart, term expired. (Mr. Kale is now serving under a recess appointment.)

G. Fred Flanders, of Georgia, to be United States marshal, southern district of Georgia, to succeed George B. McLeod, term expired. (Mr. Flanders is now serving under a recess appointment.)

## HOUSE OF REPRESENTATIVES

TUESDAY, DECEMBER 15, 1931

The House met at 12 o'clock noon.

Father Frederick J. Bergs, Milwaukee, Wis., offered the following prayer:

Pour forth, we beseech Thee, O Lord, Thy grace into the hearts of these Thy servants who are assembled here in this distinguished body to deliberate and to help to decide over the present and future destinies of our country. Enkindle their hearts with a true desire to perform their duties properly, and give them to understand the magnitude of the power and authority entrusted to them through Thy delegation from the people. Let not rancor or party spirit bedim and sway their judgment in the momentous questions presented to them for discussion, so that the result of their findings may be of benefit to our Nation and pleasing in Thy sight.

Bless these, Thy servants. Bless our Chief Executive and all our public officials, and give them strength to rightfully and truthfully perform the duties of the office assigned to them. Have mercy on Thy people also, O Lord; and if it please Thee, take away from us the visitation which Thou hast permitted to come over them and the nations of the world. Help us to obey Thy divine commandments, so that all our acts and deeds may react to the benefit of our land and humanity and redound to your honor and glory. Amen.

The Journal of the proceedings of yesterday was read and approved.

## THE NATIONAL BUDGET AND THE PUBLIC CREDIT

Mr. HAWLEY. Mr. Speaker, I ask unanimous consent to extend my remarks in the Record by printing a speech made by the Under Secretary of the Treasury entitled "The National Budget and Public Credit."

The SPEAKER. Is there objection?

There was no objection.

Mr. HAWLEY. Mr. Speaker, under the leave to extend my remarks in the Record, I include the following speech delivered by Hon. Ogden L. Mills, Under Secretary of the Treasury, before the Economic Club of New York, at the Hotel Astor, Monday evening, December 14, 1931.

The address is as follows:

You have invited me to discuss this evening the financial position of the United States Government and the many fiscal problems which confront our Government in these difficult times. I was very pleased indeed to accept, for I know of no subject in which all of our people, irrespective of whether they contribute directly to the Federal Government or not, are more vitally interested, or one which it is more important that they should understand. Adequate comprehension and support on the part of the Nation is essential to the Government in the performance of its fiscal functions.

We closed the last fiscal year with a deficit of \$903,000,000. We are confronted this year with a prospective deficit of \$2,123,000,000, and it is estimated that expenditures will exceed receipts by no less than \$1,417,000,000 in the fiscal year 1933. If we contrast these figures with a surplus of \$184,000,000 in 1930, one of \$185,000,000 in 1929, and of \$399,000,000 in 1928, we are shocked at the violence and suddenness of the change. For, while I am sorry to say that a falling off in income is an all too common experience these days, yet our Federal Government is so strong and our national resources are so great that somehow or other we feel that our Government should be superior to the ills to which individual citizens are subject. Indeed, there is so much truth in this con-

ception that, as we shall see, the Government has but to make a further call upon available resources to put its financial house in order.

To grasp not only what has happened in the immediate past but what should be done in the immediate future it is necessary to understand our revenue system, and to note the essential fact that it rests on a very narrow base. Take the fiscal year 1930 as an example: We find that in that year, out of total receipts from taxation of \$3,626,000,000, no less than \$2,411,000,000, or two-thirds, was contributed by income-tax payers, corporate and individual; \$587,000,000, or 16 per cent, from customs duties; and \$628,000,000, or 17 per cent, from miscellaneous internal-revenue taxes, of which the tax on tobacco contributed \$450,000,000 and the stamp taxes, chiefly on the issue and transfer of securities, about \$69,000,000.

These taxes are comparatively few in number, and all, with the exception of the tobacco taxes, which have steadily grown in years of prosperity and remained comparatively stable even under adverse conditions, are susceptible to very wide variations, in accordance with changing business conditions. This is obviously true in the case of customs receipts, which, with imports reduced both in quantity and value, fell from \$587,000,000 in the fiscal year 1930 to \$378,000,000 in 1931. The direct relationship between business prosperity and the net income of corporations, upon which the income tax is based, needs no elaboration, and the sharp drop from \$1,118,000,000 collected in 1930 to the \$550,000,000 which it is estimated we will collect in 1932 is but another indication of the extent of the depression. A falling off in activity in the security markets must be accompanied by a sharp reduction in receipts from stamp taxes.

But it is when we come to the income tax on individuals that the dangers incident to too narrow a tax base are most strikingly exemplified. The number of individual returns for the calendar year 1928 aggregated 4,071,000. Of this number, 382,000 taxpayers contributed \$1,128,000,000 and the other 3,689,000 individuals who made returns contributed but \$36,000,000. Clearly, under our system large and moderately large incomes bear practically the full burden of the individual income tax. Now, these incomes, as we shall see, are the very ones subject to the widest fluctuations, since they include business profits, and more particularly because in recent years the element of gain and loss resulting from the purchase and sale of capital assets has had on them a preponderating influence. In so far as tax receipts are concerned, these fluctuations are magnified by our progressive rates which necessarily result in taxes rising at a more rapid rate than incomes as the latter move forward into higher and, on the other hand, falling with greater abruptness as they recede into lower brackets.

Taxes returned on individual incomes fell from \$1,164,000,000 for the calendar year 1928 to \$474,000,000, according to available information, for 1930. The number of returns of those with incomes of from \$5,000 to \$10,000 fell from 561,000 to 506,000, while the tax paid fell from \$21,000,000 to \$17,000,000, or 22 per cent. Of those with incomes from \$10,000 to \$100,000, the number fell from 360,000 to 252,000, and the tax from \$409,000,000 to \$208,000,000, or 49 per cent, while of those with incomes of \$100,000 and over the number fell from 15,780 to 6,152, and the tax from \$700,000,000 to \$238,000,000, or 66 per cent.

While income from all sources declined, the one chiefly responsible for this almost perpendicular drop was gains from the sale of capital assets.

If we take the returns of individuals with net incomes of \$5,000 and over, we find that the aggregate net income returned fell from \$16,299,000,000, in 1928, to \$10,119,000,000, in 1930, or a decrease of \$6,180,000,000, and of this amount no less than \$4,230,000,000, or about 68 per cent, is accounted for by the reduction in net profits in excess of losses, resulting from the sale of capital assets.

The question of taking into consideration, in the determination of taxable income, gains and losses from the purchase and sale of capital assets, has been the subject of much discussion. Many people believe that this feature of our income tax law should be eliminated, on the ground that it tends to promote, rather than to discourage, speculation in periods of expansion, and that it has a depressing effect in times of recession. I am inclined to think that this criticism is too sweeping, and that the supporting data is inadequate. Does anyone really believe that events would have been very different if we had had no income tax? If so, how are we to account for similar experiences in the past? And if it be urged that the magnitude of this folly was greater than ever before, my answer is that we made bigger fools of ourselves this time because our resources and the opportunities afforded us were infinitely greater. Certain it is that over a 10-year period this particular provision of our income-tax law has been extremely fruitful. Moreover, we must not forget that our conception of capital gain as income is an integral part of our income tax law, woven into its structure, and that it can not be eliminated without a complete rewriting of the law, and undoing the results of many years of trial and uncertainty, during which the interpretation of the law became clarified through administrative and court decision, and its administration reached a point where certainty began to take the place of arbitrariness and blind groping. Do we want to travel back over that long hard trail for so doubtful a benefit? For who can contend, as a matter of principle, that the handsome gain yielded without effort by a quick turn in the market is a less legitimate object of taxation than a hard-earned salary or the remuneration of doctors, lawyers, engineers, and



other professional men, whose earning capacity is developed only through years of constant application and unremitting effort?

In passing, while we are on the subject of income-tax statistics, there is a fallacy which I would like to correct. When the figures for the calendar year 1929 were published a number of gentlemen who think that all is for the worst in the worst of worlds claimed that here at last was the final decisive proof of the concentration of wealth in the United States in a few hands. They eagerly seized on the fact that 504 individuals reported incomes of a million and over, and that no less than 967 individuals had reported incomes of between \$500,000 and a million; but when the returns for 1930 came in, we found that the former group had shrunk to 149 and the latter to 311, as compared with 206 and 376, respectively, in 1929. On the other hand, the number of individuals returning incomes of from \$5,000 to \$10,000 had grown from 150,000, in 1929, to 505,000, in 1930. The truth is that income-tax returns in any given year are unreliable guides in estimating the distribution of national income or wealth.

To summarize, our Federal Government relies on a very limited number of taxes, subject, generally speaking, to extreme fluctuations. It places its chief reliance on an income tax which, because of the character of its structure and the narrowness of its base, is susceptible to sharp increases and precipitous drops. As a result, our Budget lacks stability and is particularly vulnerable to a depression as sweeping as the one which has overtaken us. In consequence, our total receipts from taxation have shrunk from \$3,626,000,000, in the fiscal year 1930, to an estimated \$2,094,000,000, in the current fiscal year. Of this loss of \$1,530,000,000, no less than \$1,271,000,000 is accounted for by a falling off in income-tax collections.

In the meanwhile, expenditures are estimated at \$4,482,000,000 for 1932, compared with an actual total of \$3,994,000,000 for 1930, an increase of about \$490,000,000. Of this increase approximately \$350,000,000 is attributable to the estimated increase in expenditures for construction activities, including additional work on roads, public buildings, and a variety of emergency construction activities. It is estimated that the Veterans' Administration will require \$231,000,000 more in 1932 than in 1930, reflecting an increase of \$88,000,000 in funds required to meet loans to veterans on adjusted-service certificates and an increase of \$143,000,000 for military and naval compensations and other services for veterans. Expenditures for the postal deficiency will be \$103,000,000 larger than in 1930. The more important decreases include \$54,000,000 for interest paid on the public debt, largely as a result of lower interest rates; \$145,000,000 for public retirements principally due to the proposed postponement of payments by foreign governments for 1932, and \$68,000,000 for refunds of receipts. It should be observed that total expenditures for 1932, aggregating almost \$4,500,000,000, include about \$1,000,000,000 for interest on the public debt and sinking-fund retirements and a similar amount to cover expenditures for veterans of all wars. Neither of these major outlays is subject to reduction at will, so that the opportunity for reducing expenditures is limited to the balance of some \$2,500,000,000. Present estimates indicate a reduction in expenditures between 1932 and 1933 of about \$370,000,000.

It is estimated that we will close the fiscal year 1932 with a deficit of \$2,123,000,000. The outlook for 1933 is, however, a little more cheerful. Revenue from taxation rises from \$2,094,000,000 to \$2,168,000,000, and total receipts from \$2,359,000,000 to \$2,696,000,000, while, as I have pointed out, expenditures are cut by about \$370,000,000, still leaving, however, an estimated deficit of \$1,417,000,000. The combined deficits for the three years aggregate approximately \$4,400,000,000, and, after deducting debt retirements effected through the sinking fund and by virtue of other statutory requirements, indicate an increase in the public debt of approximately \$3,250,000,000.

There is the situation. Before discussing, however, why something must be done about it, and what that something should be, let us glance briefly at our public-debt figures. These have a direct bearing on the national credit. The problem of inadequate revenue and excessive expenditures can not be considered solely from the standpoint of providing for our immediate needs. The effect which these two diverging factors, unless remedied, will have on the public credit is of infinitely greater concern. Its maintenance is of supreme importance to us all.

Our gross debt, which had fallen steadily from \$25,485,000,000, on June 30, 1919, to \$16,185,000,000, on June 30, 1930, increased to \$17,310,000,000 on November 30, 1931. In addition, during the past 17 months Government securities in the hands of the public were increased by \$850,000,000 through the liquidation of Treasury notes held in the adjusted-service certificate fund in connection with the financing of additional loans to veterans, chiefly as a result of the legislation enacted at the last session of Congress. Of the total interest-bearing debt, aggregating \$17,040,000,000, \$14,310,000,000 consists of long-term bonds, some of which are callable in 1932, others in 1933; after the December financing, about \$2,200,000,000 of open-market issues of certificates and notes having maturities of a year or less; and some \$576,000,000 of 90-day issues of Treasury bills. These last may be rolled over, and offer, therefore, no particular problem. Thanks to three bond issues, made in March, June, and September, and the reduction effected in our short-term debt since January 1, 1931, the difficulties of financing the deficit in the current year have been lessened. The \$2,200,000,000 of certificates and notes can readily be handled in quarterly tax-payment months, particularly as all of the quarter-days, beginning January 1, 1933, are open. But if we are called upon to finance, through borrowing, another huge deficit

in 1933, and all manner of unwise and uneconomic expenditures in the meanwhile, leaving aside for the moment the general effect of the credit of the Government, our difficulties become very serious indeed. In November, 1933, \$6,268,000,000 of Fourth Liberty Loan 4½ per cent bonds become callable. They mature as early as 1938, and this immense issue must be retired or refunded over the comparatively short period of five years.

If, on the other hand, the increase in the public debt can be arrested during the fiscal year 1933, the Treasury's general debt retirement and refunding program, somewhat modified, of course, by the events of the last two years, is definitely manageable.

I do not mean to suggest that the addition of \$3,000,000,000, or even \$4,000,000,000, to our national debt could conceivably impair the national credit. That debt stood at \$25,000,000,000 a decade ago, and the national credit was unimpaired; but I do say, with all the force at my command, that any temporizing with this situation, any failure to take the steps necessary to bring our Budget into balance within a reasonable time, any misuse of the public credit would furnish such evidence of lack of sound financial principles as might well result in shaken confidence and in apprehension lest these conditions prevail long enough to result in real damage. Our long-term bonds are selling to-day at a discount, even those bearing as high an interest rate as 3½ per cent. Allowing for tightened money conditions and for all the unusual circumstances which surround us, there is no doubt but that some of the weakness manifested reflects the response of the investing public to the possibility that we may be confronted with a rapid increase in the public debt and in the volume of Government securities outstanding. There is fear of further huge grants to veterans; there is fear of major drains on the Treasury through uneconomic expenditures; there is fear of growing and unremedied deficits. All of this fear can be swept away only by adherence to sound financial principles and the development of a program of restricted expenditures and of increased revenues, which, if they do call for temporary sacrifices on the part of our people, will, in the long run, bring them infinite benefit.

In this period of deep uncertainty the unimpaired credit of the Federal Government is the most priceless possession of the people of the United States. We assume its existence as we assume the continuance of unlimited supplies of air and sunlight. It has been established through the pursuance of sound fiscal policy in the past and so must it now be preserved. The immediate cost in increased taxes is small in comparison with the immediate and lasting benefit to the Nation.

Let me at this point take the liberty of quoting briefly from the speech of a very great man, the late Senator Dwight Morrow, who, in describing how individuals take their own money with its present command over goods and services and surrender it not only to their own Government but to the governments of nations on the other side of the earth and receive in exchange for it a promise, went on to say:

"The question may be asked: Nothing more than a promise? To which answer may be made: Nothing less than a promise."

"I remember reading some years ago a letter of Thomas Bailey Aldrich written to William Dean Howells. Aldrich is writing of a friend who has just died and whose body is resting in 'a dismal London burying ground.' He says to Howells that it is not worth three pins to be a great novelist or a great general or a great anything else. Then he winds up his letter with this whimsical expression: 'Yet with a sort of hopeful vivacity I have just bought two 5 per cent railway bonds that expire in 1967. Who will be cutting off the coupons long before that? Not I.' There was Aldrich, despondent because of the transitoriness of life, taking his savings and putting them in railway bonds that matured long after his life would end. Every day investors are buying bonds, domestic and foreign, although they have every reason to wonder who will collect the coupons. Human lives stop. Promises go on. The civilized world to-day is run on the basis of a belief in promises. Whatever our doubts about the meaning of modern civilization, we may at least take some comfort in the trust which men show in each other's promises."

Now, this belief in promises, this credit structure of ours, depends to a very great extent upon the confident belief that the Government will meet its financial obligations promptly and punctiliously, on every occasion and in every emergency. Our currency rests predominantly upon the credit of the United States. Impair that credit and every dollar you handle will be tainted with suspicion. The foundation of our commercial-credit system, the Federal reserve banks, and all other banks which depend upon them, are inextricably tied into and dependent upon the credit of the United States Government. Impair that credit to-day, and the day after thousands of development projects—they are still going on—will stop; thousands of business men dependent upon credit renewals will get refusals from their bankers; thousands of mortgages that would otherwise be renewed or extended, will be foreclosed. Merchants who would buy on credit will cancel orders; factories that would manufacture on part capacity at least will close down.

It is true that a distressingly large minority of the wage earners of this country are now out of work. But we must not forget that a majority still have enough work to make a living. We have lost much; but we have infinitely more to lose.

What we still have, what we hope for in the future, are dependent in a large degree upon the preservation, unimpaired, of the credit of the United States. It will cost something to preserve it. The cost is additional taxation. The wealthy, the captains of industry, the bankers, must contribute to meet this cost; but the



small business man, the white-collar man, the farmer, and the wage earner have an equally vital stake in the preservation of the Nation's credit. The new taxes will cut into the incomes of the rich, and they will affect by some small amount the contributions made to the Government by those in moderate circumstances. But the result—the preservation of the Nation's credit—is worth this cost, and for that matter, an even much greater one, to all who are called upon to make some temporary sacrifice.

It is sometimes urged that, since in the course of eleven years prior to the fiscal year 1931 we had retired some \$3,460,000,000 of debt from surplus receipts, we are justified in incurring deficits up to that amount. There is some force to the argument. We have created something in the nature of a reserve which we are warranted in drawing on, certainly to some extent. But there are definite limitations. In the first place, in the early years of the decade a large part of the current surpluses were due to the sale or other disposal of capital assets the returns from which could most properly be applied to debt reduction, and other receipts of a nonrecurring character. In the second place, when the sinking fund was created, it was assumed that loans to foreign governments would be repaid in full, and would be applicable to the retirement of a very large part of our public debt; whereas the amounts due us from abroad have since then been whittled down by the debt-funding agreements. And, finally, even if we assume that we are justified in borrowing up to the full amount of \$3,460,000,000, that sum will be almost absorbed by last year's and this year's deficits.

As the Secretary of the Treasury pointed out in his annual report, there are certain basic principles in the conduct of public finances which can not be disregarded by any nation. First, the sinking fund, designed for gradual retirement of the public debt, must be maintained, and when of necessity the public debt is increasing, the regular sinking-fund appropriations must be accepted in the accounts of the Government as fixed charges against revenues. Second, over a period of years, revenues must be equal to expenditures. Deficiency for a time may be inevitable, but the principle of a balanced budget must never be abandoned; and when emergency conditions upset the balance, every effort must be made to restore it at the earliest possible opportunity.

Bearing constantly in mind that additional taxes should not be so great as to retard the business recovery, upon which the restoration of the normal flow of revenue depends, the Treasury program submitted to the Congress last Wednesday has three definite objectives: First, a reduction in the prospective deficit this fiscal year; second, no further increase in the public debt in the fiscal year 1933; third, a balanced budget in 1934. We do not feel justified in asking for more; we would have failed in our duty had we recommended less.

The attainment of our goals necessitates additional revenue in excess of \$900,000,000 in the year 1933. In the development of a program we considered many forms of taxation. We weighed, for instance, the merits of the general sales or turnover tax, but rejected it, not only because it bears no relation to ability to pay and is regressive in character but because of the enormous administrative difficulties and the almost inevitable pyramiding of the tax in the course of successive sales.

We studied the limited manufacturers' or producers' sales tax, which is being administered with a fair degree of success in Canada. In Canada a tax is imposed at the rate of 4 per cent on the manufacturers' sale price, or the import value of all goods not exempt, which are produced or manufactured in Canada or imported into Canada. Retailers are exempt. It is distinctly not a turnover tax. Practically all raw materials of farms, mines, fisheries, etc., are exempt, as are most small manufacturers and producers, such as custom tailors, shoemakers, plumbers, opticians, et al. The extent of the exemptions is very great. They fill 10 closely printed pages and cover thousands of specific items and classes of items. Pyramiding is avoided by a mechanism of licenses and certificates. Every manufacturer and wholesaler is required to take out a license. If one licensed manufacturer buys from another licensed manufacturer or licensed wholesaler, he notes his certificate number on the order; this is noted on the sales invoice, and the sale is exempt.

When the last licensed taxpayer sells to an unlicensed purchaser the tax is collected. Administrative discretion is granted to an extent unheard of in this country and which I doubt whether our Congress would ever be willing to grant. Not only has the Minister of Finance final power to fix the wholesale price or value to which the tax rate is applied in uncertain cases, not only are deductions and refunds discretionary, but from 1922 until 1931 the governor in council had power to exempt articles from the sales tax. The success of the tax appears to be due not only to good administration but to this very wide administrative discretion. The tax is unquestionably passed on and adds, therefore, to the cost of living.

With some 200,000 manufacturing establishments in the United States, our much more extensive and complicated industrial mechanism, our tendency to set out administrative procedure with almost meticulous accuracy in our statutes, and our reluctance to grant administrative discretion or the authority to administrative officers to make final decisions, it is more than doubtful whether the Canadian sales tax would meet with the success in our country than it has across the border. Certain it is that many months would elapse before the necessary administrative machinery could be set up and a number of years before such a new form of taxation could be firmly established in this country. And we are in need of additional revenue now.

In any event, we concluded that, on the whole, it is wiser for us to resort to those forms of taxation with which we have had experience and are thoroughly familiar rather than to embark on new and untried ventures. If this conception is sound, we have but to take a step backward and to relinquish temporarily the benefits of the tax reductions effected in the period of expanding revenues. It isn't necessary to retrace many steps and to return either to the revenue act of 1918 or of 1921, but what we desire can be accomplished by returning in principle to the general plan of taxation existing under the revenue act of 1924, with such changes as are appropriate in the light of existing conditions.

The advantages of such a program are manifest. From an administrative standpoint we have not only had the necessary experience but we are so organized as to take on this new burden without difficulty. From the standpoint of the taxpayer and of the Nation there is no occasion for alarm, for we are simply reimposing upon ourselves for the time being taxes which we didn't find too burdensome and the existence of which proved no impediment to business expansion and growing prosperity.

It is unnecessary to describe the program in detail, for I doubt not all of you have read it with interest and I trust without concern. Generally speaking, it provides for the retention and in some instances an increase in existing excise taxes; a restoration of the manufacturers' sales tax on automobiles, trucks, and accessories; of the stamp tax on conveyances of realty; and of the tax on telephone, telegraph, radio, and cable messages; and the imposition of new taxes on manufacturers' sales of radio and phonograph equipment and on checks and drafts. The rate of tax on corporate income is increased but slightly, from 12 to 12½ per cent. We have refrained from recommending the restoration of the capital-stock tax, which was in the 1924 law, not only because it was an unfair and unequal tax, involving most difficult administrative problems, but with a view to placing not too great a burden on business at the present time. A return to the 1924 act necessarily involves a sharp increase in the rates applicable to individual incomes and the taxing of many taxpayers who since 1924, owing to very high exemptions, have been relieved from the obligation of contributing to the support of their Government, though enjoying a very genuine ability to contribute certainly the very moderate amounts demanded by the 1924 act.

When the 1924 act was before the House of Representatives, no one fought harder than I did to reduce the rates to the point later established by the 1926 act. I believed then, and I believe now, that under normal conditions a 20 per cent rate is sounder than a 40 per cent rate, not only from the standpoint of our general economy but, in the long run, from the standpoint of productivity. But these are not normal times. There is an emergency, and we are proposing emergency measures to meet it. Men who still have very large incomes can not object, under the circumstances, to contributing largely. Men with comparatively large incomes should be willing to do their share, and those in more moderate but comfortable circumstances will surely feel that they can spare something for the support of their Government. I am confident that, if only there be a proper understanding of the necessities of the case, the temporary sacrifices demanded will be met, if not joyfully, at least wholeheartedly and with philosophy and good humor.

After all, even in these days which appear so dark, we are still fortunate as contrasted with other nations. After a hard-boiled Treasury has done its worst—and when you gloomily view the approach of the Ides of March, I suggest that you place these figures on your desk as you make out your income-tax return: A married man with one dependent, and with an income of \$5,000, will pay, under our Treasury's proposal, \$31.50 in taxes; a man similarly situated in Great Britain pays, under Mr. Snowden's latest budget proposals, \$650. A man with an income of \$10,000 pays \$153 in the United States and \$1,800 in Great Britain. One with \$100,000 pays \$22,030 in the United States and \$48,000 in Great Britain. We would grant an exemption of \$1,500 for a single man, \$2,500 for a married man and \$400 for each dependent. Great Britain's exemptions are as follows: For a single man, \$485; for a married man, \$730; for the first dependent child, \$245; and for each other child, \$195.

If our program is adopted, it is estimated that we shall obtain during the full fiscal year 1933 an additional \$60,000,000 from corporations, \$185,000,000 from individual income taxpayers, \$11,000,000 additional from estates, and \$514,000,000 additional from miscellaneous internal-revenue taxes. In addition, we have recommended that postal rates be so adjusted that the Post Office Department's revenues will cover, by a reasonable margin, its expenditures, exclusive of such special services as the cost of free postal services performed for Government departments and agencies, the excess of the cost of air mail services over revenues, and the cost of special rates paid to ocean mail carriers under American registry. There is no reason why the public should not pay the cost of the service it receives from the Post Office Department, or why the latter, as an essentially business institution, should not be self-supporting.

I have no illusions as to the feelings with which a program of drastic tax increases is received, and I can assure you that it is anything but a pleasant task to participate in the preparation and submission of such a program, but no man, whether he be a Treasury official or a taxpayer, can open-mindedly examine the existing situation and not reach the conclusion that the alternative for increased taxation is infinitely worse for the Nation. I find some consolation in the thought that the contribution to be made by people with moderate incomes is still fairly light, and



that those whose incomes remain in the upper brackets in times like these are in such a preferred class as to occasion little concern for them, though if circumstances permitted I should much prefer to see them buy bonds rather than pay additional income taxes. When we come to the miscellaneous group, the rates are not so high as to interfere with the flow of goods or services, or to constitute a real burden on those who buy or enjoy them. Can we seriously complain if cigarettes and radios and admissions to places of amusement—yes, even seminecessities such as automobiles—are to cost a trifle more, or if we are to pay 2 cents for the privilege of using checks and an additional cent on transfer of securities? These are not intolerable burdens, particularly when we are asked to assume them to meet the necessities of a real emergency.

But, let me add that if the people of the United States make this sacrifice and furnish almost a billion dollars of additional funds to their Government, they have the right to insist, and I hope that they will, that not one penny is expended extravagantly, politically, or unwisely, but that just as enforced rigid economy prevails throughout the country so will it be observed in Washington.

Let me close with a general observation or two. The problems at home and abroad which appear so great are not insoluble. They will yield readily enough to a resolute, courageous, and intelligent attack. The real difficulties in the present situation are those inherent in human nature, in the element of fear which seems to possess the souls of men in the face of an uncertain future, and in fixed conceptions and attitudes. There is more to fear from frozen minds than frozen assets. We can not look to governments or to a few leaders. The necessary measures must be taken and the recuperative forces must be set in motion by the great masses of the people themselves.

But if the nations and the individuals who compose them, laying aside preconceived notions, prejudices, and above all, fear, will face the realities of the situation and will look to the future rather than to the past, then we can fairly hope to emerge from this deep valley at a comparatively early period. There must, of course, be guidance and leadership, but the real responsibility rests on each and every one of us, and our failure to meet our daily problems with intelligence and courage is not only a betrayal of others but of our own cause.

#### CONTROL OF LIQUOR TRAFFIC

Mr. ALDRICH. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by inserting an article printed in the Providence Bulletin, which contains an interview with me on a constitutional amendment.

The SPEAKER. Is there objection to the request of the gentleman from Rhode Island?

Mr. UNDERHILL. Reserving the right to object, it is understood that these are the gentleman's own remarks?

Mr. ALDRICH. Yes.

There was no objection.

Mr. ALDRICH. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following article from the Providence Bulletin which contains an interview with me on a constitutional amendment:

[The Providence Bulletin, November 30, 1931]

#### ALDRICH TO OFFER NEW PLAN TO CONTROL LIQUOR TRAFFIC—WOULD SUBMIT COMMISSION IDEA TO ALL STATES

WASHINGTON, November 29.—Regulation and control of the liquor traffic by a method never before proposed is provided in a resolution which Representative RICHARD S. ALDRICH, of Rhode Island, will introduce on the opening day of Congress. It calls for submitting to the States a constitutional amendment as an addition to the eighteenth amendment, but on altogether new lines.

Under the amendment the States would be divided into nine groups or districts, from each of which would be elected a commissioner to serve for eight years, the nine commissioners making up a committee that would have authority to license any State making application to manufacture, sell, or transport liquor under such terms and conditions as the State may desire and the commission may prescribe.

Such a commission would be unlike any governmental body in existence in this country. Its members would be elected by popular vote in a form of Federal election not now existing, for all the States in a group would vote for choice of identical candidates, entailing a measure of Federal supervision. The districts would contain as nearly as possible equal populations.

Under the Aldrich plan the provisions of the eighteenth amendment and all laws pertaining to the subject, whether enacted thereunder or not, would remain in effect throughout the United States and its possessions, except when modified by licenses issued by the commission to the several States. After a State had applied for and obtained a license the provisions of the license would become the law of the licensee State in regard to the manufacture, transportation, and sale of all liquors specified in the license. If a State wanted to limit alcoholic beverages to wines and beer, its license could be so worded.

The revenue derived by the Federal Government under this amendment would be obtained from license fees as fixed by the commission and would be paid by the licensed State, not by any

individual. In a State which had obtained a license, congressional enactments inconsistent with the provisions of the license would not be operative.

Congress would retain the power to fix the compensation of the commissioners, to impeach and try the commissioners, to judge election returns and qualifications of commissioners, to decide the time and manner of holding the elections, and to appropriate money for the expenses of the commission. Beyond these powers the liquor question would be removed entirely from Congress in the States receiving licenses.

"The chief objects of the amendment which I propose," said Representative ALDRICH to-day, "are:

"1. To modify the eighteenth amendment to the Constitution so that the States electing so to do may adopt a more liberal system, and

"2. To take the liquor question out of Congress, at the same time retaining a Federal supervision over the action of the States in regard to manufacture, transportation, and sale of intoxicating liquors.

"I believe there are numerous reasons why this question should be taken out of Congress. An important one is this: With the growth of the country and continual expanding of the Federal jurisdiction over new matters, the burdens of Members of Congress should be reduced rather than increased, if we expect to maintain a high standard of efficiency in the legislative branch of the Government.

"Another reason may be stated thus: The voter in casting his vote for President or Members of Congress should be able to express preferences on the great economic questions which are confronting the country to-day without having them confused by injection of the prohibition issue into every campaign.

#### OUT OF HANDS OF CONGRESS

"Thus I propose taking the matter out of the hands of Congress, except in regard to a few matters of detail, and placing Federal supervision in the hands of a commission to be elected by the people.

"In drafting the amendment a great number of technical constitutional questions have arisen. Most of these, I believe, have been solved in a satisfactory manner. A few necessarily have been left for further consideration.

"An attempt has been made, and I think successfully, to meet the specifications of desirable means of regulation set forth in the report of the Wickersham Commission. Control of the traffic is lodged in the Federal license commission, and the initiative is lodged with the States.

"Under this plan it will be possible for the commission to permit a State to adopt the Swedish system, the Norwegian system, the Danish system, or any one of the Canadian systems, with any modifications which the commission may consider desirable. They may try out one system in one State and another system in another, and in that manner obtain valuable information as to the desirability of the various systems, at the same time conserving the benefits of the present situation in those States where conditions are satisfactory."

#### PROVISIONS FOR ELECTIONS

A provision of the amendment is that Congress, in setting the time for the first election of commissioners, shall arrange it so that they will not be chosen in an election for which electors for President are elected. The plan is to divide the nine chosen at the first election into two classes, one class of five to serve eight years and the other class of four to serve four years, their successors to serve, however, for eight. Thus there would be elections every four years—nonpresidential years—but in different sets of districts.

The nine districts specified in the amendment are arranged in accordance with the 1930 census and with the rules set up in the amendment itself that each district "shall be composed of contiguous and compact territory and such districts shall be as nearly equal in population as shown by the census as practicable." It is provided, however, that all parts of a State shall be in the same district. After each census there shall be a regrouping if necessary to preserve equality in population.

#### PROPOSED DISTRICTS

The proposed arrangement of the districts to begin with follows: First (population 8,166,341): Maine, New Hampshire, Vermont, Massachusetts, Rhode Island, and Connecticut.

Second (population 12,588,066): New York.

Third (population 14,397,933): New Jersey, Pennsylvania, and Delaware.

Fourth (population 15,116,345): Ohio, Indiana, Kentucky, and Tennessee.

Fifth (population 15,411,985): Illinois, Wisconsin, and Michigan. Sixth (population 15,151,397): Minnesota, Iowa, Missouri, North Dakota, South Dakota, Nebraska, Kansas, and Arkansas.

Seventh (population 15,968,340): Maryland, Virginia, West Virginia, North Carolina, South Carolina, Georgia, and Florida.

Eighth (population 14,978,417): Louisiana, Oklahoma, Texas, Alabama, and Mississippi.

Ninth (population 11,896,222): Montana, Idaho, Wyoming, Colorado, New Mexico, Arizona, Utah, Nevada, Washington, Oregon, and California.

In the preparation of his proposed amendment Representative ALDRICH had the assistance of the legislative council of the House of Representatives and of other qualified authorities.



## TEXT OF RESOLUTION

The text of the resolution follows: Joint resolution proposing an amendment to the Constitution amending the eighteenth amendment.

*Resolved, etc.,* That the following is proposed as an amendment to the Constitution, which shall be valid to all intents and purposes as part of the Constitution when ratified by the legislatures of three-fourths of the several States:

"That the eighteenth article of amendment is amended by adding at the end thereof the following new sections:

"SEC. 4. (a) There shall be a Federal license commission which shall be composed of nine commissioners who shall have the qualifications of Representatives in Congress and who shall hold their offices during the term of eight years, commencing on the same date as the terms of Representatives. After each census the commission shall divide the States of the United States into nine districts, each of which shall be composed of contiguous and compact territory, and such districts shall be as nearly equal in population as shown by such census as practicable. All parts of a State shall be in the same district. One commissioner shall be elected from each of such districts, and the electors in each State shall have the qualifications requisite for electors of the most numerous branch of the State legislature. A commissioner elected to fill a vacancy shall serve only for the unexpired part of the term of his predecessor.

## POWERS OF COMMISSION

"(b) The commission shall have the sole power:

"(1) To grant a license to any State applying under authority of law thereof authorizing such State to provide for the manufacture, sale or transportation of any or all intoxicating liquors into, within, or from, the importation thereof from any place outside the jurisdiction of the United States from such State. Licenses shall be granted for terms of 10 years, but the commission may refuse to grant any such license or may grant it subject to such conditions as the commission deems advisable. Each such license shall contain such provisions for the assessment by the commission and payment to it by the State of such fines and penalties as the commission deems necessary to enforce compliance by the State with the terms of the license and shall contain provisions under which the commission shall raise revenue by collecting such fees for the issuance of and operations under the license and by collecting from the State in respect of intoxicating liquors provided for in the license such taxes as the commission deems advisable. All sums received by the commission from fees, fines, penalties, and taxes shall be covered into the Treasury of the United States. The commission may revoke or suspend any license, in whole or in part, for substantial or persistent violation of the terms of the license.

"(2) To renew or modify any license issued by the commission except that no license shall be renewed or modified except upon application by the State under the authority of law thereof.

"(3) To make such exemptions from the operation of the law of the United States or of any State as, in the judgment of the commission, are necessary to give effect to any license.

"(4) To regulate the procedure of the commission, appoint, fix the compensation of, and remove employees of the commission, and provide for all matters relating to the administration of its affairs.

## POWERS OF CONGRESS

"SEC. 5. (a) Congress shall have power to:

"(1) Provide, by law, for the payment of compensation to the commissioners which shall not be diminished during their continuance in office.

"(2) Impeach and try impeachments of commissioners, but the same conditions shall apply thereto as in the case of other officers of the United States.

"(3) Judge the elections, returns, and qualifications of commissioners.

"(4) Fix by law the times, places, and manner of holding elections for commissioners.

"(5) Appropriate by law money out of the Treasury for the expenses of the commission.

"(b) Neither Congress nor the States shall have power to tax the exportation of any intoxicating liquors from any State to any place outside the jurisdiction of the United States, nor shall any State have power to tax the importation of any intoxicating liquors from any place outside the jurisdiction of the United States, but Congress shall have power to tax intoxicating liquors so imported, but shall not have power to tax any other intoxicating liquors provided for in any license. The commission shall not have power to tax any State in respect of any intoxicating liquors which, under this section, such State can not tax.

"SEC. 6. Places (not States or parts thereof) subject to the jurisdiction of the United States shall, for the purposes of sections 4 and 5, be considered States except that no such place shall be included for the purpose of establishing districts or electing commissioners therefrom. The legislative authority of any such place, if it has a legislature, shall have the same powers as a State legislative authority in connection with any matter under such sections, but laws enacted in pursuance of such powers shall have no effect if disapproved by Congress. In case such place has no legislature, Congress shall exercise such powers.

## ELECTION TIMES TO BE SET

"SEC. 7. Congress shall fix the time of electing the commissioners first elected so that they will not be elected at an election

at which electors for President are elected. Until the commission has established districts, the districts shall be as follows:

"District No. 1—Maine, New Hampshire, Vermont, Massachusetts, Rhode Island, and Connecticut;

"District No. 2—New York;

"District No. 3—New Jersey, Pennsylvania, and Delaware;

"District No. 4—Ohio, Indiana, Kentucky, and Tennessee;

"District No. 5—Illinois, Wisconsin, and Michigan;

"District No. 6—Minnesota, Iowa, Missouri, North Dakota, South Dakota, Nebraska, Kansas, and Arkansas;

"District No. 7—Maryland, Virginia, North Carolina, South Carolina, Georgia, and Florida;

"District No. 8—Louisiana, Oklahoma, Texas, Alabama, and Mississippi; and

"District No. 9—Montana, Idaho, Wyoming, Colorado, New Mexico, Arizona, Utah, Nevada, Washington, Oregon, and California.

"Immediately after the commissioners shall be assembled in consequence of the first election they shall be divided into two classes of five and four, respectively, and the term of those of the smaller class shall expire at the end of the fourth year, but their successors shall hold their office for eight years."

## THE AMERICAN TRADITION OF HOME RULE

Mr. ANDREW of Massachusetts. Mr. Speaker, I ask unanimous consent to extend my remarks by including an address which I gave over the radio under the auspices of the Sentinels of the Republic upon the subject of home rule in America.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. ANDREW of Massachusetts. Mr. Speaker, under leave to extend my remarks in the RECORD, I include the text of my address, as follows:

The Sentinels of the Republic, under whose auspices I am privileged to speak to-day, are a group of volunteers endeavoring to preserve for our country the American tradition of home rule. Like sentinels in the Army, they stand at the doors of Congress, challenging the legislative proposals that continually seek entry. When they find these proposals at variance with that American tradition, they resist their passage and, if necessary, sound an alarm for aid in arresting them. The mission of the Sentinels of late has become increasingly difficult.

During the World War the Government in Washington assumed emergency command over almost everything, and in the years that have followed the country has been slow in restoring to State and local control many of the activities which in war time were brought under national rule. And now, in the midst of economic depression, our traditional system of local self-government is being subjected to still further strain from a multitude of schemes to widen the sphere of Federal control under the guise of temporary relief, but which are likely to persist long after the emergency has passed. The sentinels to-day face greater obstacles than ever before. Their duties require alert and increasing vigilance. They merit our cooperation and the support of every American who cherishes our institutions and our heritage of freedom.

## HISTORICAL BASIS FOR HOME RULE IN AMERICA

The American policy of home rule is the outgrowth of our country's democratic beginnings, but it also has its justification in experience and common sense. Our American system of government differs in its historical evolution from those of European countries with monarchical and military traditions. Unlike the governments of the Old World, ours was not founded upon the theory of the divine right of kings and was not developed through the urge for conquest or the necessity for defense. It was not derived from a highly centralized incarnation of power which had granted limited authority to subordinate agencies. On the contrary, its radiation of power has always flowed from the parts to the center rather than from the center outward.

The elements from which it grew were local town meetings, where all of the people took part. They in turn established joint representation in colonial or State legislatures to carry on the business in which they had a common interest, and eventually, when the various States sought to throw off the yoke of foreign control, these States federated their forces in a combined effort to accomplish that particular purpose. After achieving independence they decided to remain united, but with such limitation and definition of the central government's field of activity as would protect the individual States from Federal encroachments upon their original authority. In order to insure this from too easy chance of change, they adopted a National Constitution, deliberately conveying to the Federal Government control over only such matters as were essentially national and which could not be well looked after by the individual States. The powers assigned to national control included the handling of our foreign relations, the maintenance of the Army and Navy, the control of our monetary system, the administration of the post offices, and the regulation of interstate and foreign commerce, but all powers not specifically delegated to the central Government were expressly reserved to the States or to the people. This was the first system of government in the world in which sovereign powers were so divided, part to be exercised by the central body and part to be exercised locally. For the first



time in history a government was created with a clear distribution of functions between the Federal, State, and local members. The Federal Government had power to deal only with international and interstate business. The State governments reserved control over activities that were not of an international or interstate character, while the county and municipal governments, under many of the State constitutions, still remained in charge of matters primarily of local interest. The United States thus began its national history with a larger measure of home rule than any other important country.

There are people to-day inclined to the opinion that with changing conditions, the original allocation of powers as defined in the Federal Constitution and in the constitutions of the several States, has ceased to have much merit and ought to be abandoned. They would turn over to the State governments control over many of the things which have been administered by the towns and cities, and they would revise the Federal Constitution so as to give the National Government free scope to manage almost everything that its legislators and officials might choose to regulate or administer. The Sentinels of the Republic believe, however, that the American system of home rule is not to be regarded as a historic survival which has outlived its day, but that it is fundamentally reasonable and advantageous and ought to be watchfully safeguarded from insidious attack.

#### HOME RULE ENCOURAGES POPULAR INTEREST IN GOVERNMENT

Only through the preservation of home rule can we hope to maintain popular interest in government, and everyone agrees that democratic government can succeed only in proportion as the people take an active interest and feel a sense of responsibility in its regard. The deepest interest and the liveliest sense of responsibility which the average human being feels center about his family and his home. In order to provide for them, he gives most of his thought and energy and strength. Somewhat less active, but still strong, is his concern for the community in which he lives, its schools, its hospitals, its police, water supply, sewerage, and other public undertakings.

As the circle widens, however, the citizen's sense of participation and obligation continually dwindles in intensity. It diminishes as the distance increases, and as the individual's power to affect results decreases. In his town or ward his influence is perhaps measured by 1 vote in several thousand; in his State he may have only 1 vote in a million; in the Nation barely 1 in 40,000,000. He follows the doings of his municipal council rather closely. He knows less about the transactions of the State legislature, and as for the daily grist of legislation in Washington he knows virtually nothing, except when occasional measures, frequently by no means the most important, get into the headlines.

It follows then that the more you transfer of control to a distant center like the Capital in Washington, the more negligent people become of their duties as citizens, the less informed and careful they are about the character of the laws that are being adopted, and the less concerned with their efficient administration. Government, especially in a country as vast as ours, runs the risk of becoming more and more a system of control imposed from the remote outside in which the average citizen feels that he has little influence and slight incentive to take part. But conversely, the more you preserve of home rule and local control in public affairs the more you keep alive a general interest in government, in the efficiency of the officials selected, in the type of legislation being enacted, and in the administration and observance of the laws.

This advantage of home rule has been all too often overlooked by well-intentioned people who try to have our National Government take charge of a thousand and one matters that lie close to our individual lives, and that have hitherto been looked after by State or local governmental agencies.

#### HOME RULE PROMOTES ECONOMY IN GOVERNMENT

Then, again, it is only through the preservation of home rule that one can look for economy in government. In extending the activities of the Federal Government the tendency often is to develop a Federal administration running parallel to those already operating in the States. This results in two sets of laws governing the same subjects, though not always conforming one with the other. It creates two sets of bureaus, Federal and State, doing much the same things, with a twofold machinery for their management and enforcement. It doubles the necessary personnel and expense. With the augmentation of Federal authority in recent decades, the number of Federal officeholders has continually multiplied, while the State personnel has increased at the same time. During the past 50 years the number of people on the Federal pay rolls has grown about four times as rapidly as the population, and the cost of the purely civil establishment (leaving out of account the Army and Navy, the enormous expenditures on behalf of veterans, and the payments on the public debt) is to-day nearly five times as much for every man, woman, and child in the country as it was 50 years ago. Yet during the same period the per capita expenditures of the States have likewise been steadily mounting, and State employees have also increased in number much more rapidly than the population. The cost of government in the United States to-day is close to an eighth of our estimated national income. It was a tenth not long ago, and not long before that it was a twelfth. What are we headed for, and whither is it all tending, except toward an impossibly expensive and overgovernmentalized nation, composed in the main of Federal and State officials and their agents and employees?

So long as the business of government is kept under the watchful eyes of those who bear its cost, there is a natural check upon

overlapping and duplicating expenditures, but when spending bodies are established far from the tax-paying public, this brake upon needless expense ceases to function. The Federal Government can spend ten millions here or fifty millions there, or a hundred millions somewhere else, without eliciting any critical scrutiny from the average citizen, or any perception of the fact that this expenditure may be in large part a superfluous duplication by the Government in Washington of expenditures for a similar purpose on the part of the several States. It is, therefore, a dictate of prudence to challenge and examine carefully every proposal to extend Federal activity in fields that have belonged to the States.

#### HOME RULE PRESERVES RESPECT FOR GOVERNMENT

There is a widely current illusion that the Federal Government is more effective in the exercise of its powers than are the governments of the States. Many people seem to think that there is something almost magical about the Government in Washington, that if State and local laws are inadequate, Washington can frame laws upon every conceivable subject that are perfect, that if State and local bureaus and officials are incompetent, Washington bureaus and appointees will be efficient and full of energy, that if State and local laws are not enforced, all that need be done is to pass laws in Washington, and these laws will be everywhere observed and respected. Yet, after all, the people in Washington also have their human limitations. They are not omniscient, nor are they omnipotent. Their days are also limited to 24 hours. It is a good deal to expect of them to frame appropriate laws to govern every activity of people's lives, everything that people buy and sell, everything that they use or abuse, everything that they enjoy, everything that they may choose to do. And it is still more presumptuous to assume that the bureaus in Washington and their agents throughout the country can enforce these laws in all localities, regardless of whether or not the preponderant opinion of the citizens approves of them.

Federal laws, according to the Constitution, must apply uniformly throughout the length and breadth of the land. They allow of no adjustment to local interests and no adaptation to local opinions. On that account many well-meaning people think that they are preferable to State laws and offer a quicker and easier method of getting rid of what they consider local abuses and deficiencies in legislation. But unless these laws appeal to the judgment and conscience of good citizens in all sections of the country the attempt to coerce uniformity by resort to the central government can not but breed local dissension and weaken respect for that government's authority. In a country as vast as our own, and with as wide diversities of local customs, opinions, and interests, by adopting one rigid and inflexible Federal measure after another, the tendency is to remove the Federal Government further and further from the people; to make it less and less responsive to their will and more and more the object of their animosity.

The men and women who settled the Thirteen Colonies came to America to escape the oppression of strongly centralized governments in which they had no voice. The people of our day can not emigrate to another world, but unless the essential principles of government by the consent of the governed can be maintained here the time may come when they will seek some other way to reestablish home rule.

#### ELECTION OF COMMITTEES

Mr. RAINEY. Mr. Speaker, I offer a resolution, which I send to the Clerk's desk.

The Clerk read the resolution, as follows:

Resolution offered by Mr. RAINEY:

#### House Resolution 61

Resolved, That the following Members be, and they are hereby, elected members of the following standing committees of the House of Representatives, to wit:

Accounts: William J. Driver, Arkansas; Samuel Rutherford, Georgia; John W. Boehne, jr., Indiana.

Agriculture: Marvin Jones, Texas (chairman); Hampton P. Fulmer, South Carolina; William W. Larsen, Georgia; William L. Nelson, Missouri; Wall Doxey, Mississippi; D. D. Glover, Arkansas; John N. Norton, Nebraska; John R. Mitchell, Tennessee; Cap R. Carden, Kentucky; John W. Flannagan, jr., Virginia; Harry P. Beam, Illinois; James G. Polk, Ohio; Richard M. Kleberg, Texas.

Banking and Currency: Henry B. Steagall, Alabama (chairman); Charles H. Brand, Georgia; William F. Stevenson, South Carolina; T. Alan Goldsborough, Maryland; Anning S. Prall, New York; Jeff Busby, Mississippi; Michael K. Reilly, Wisconsin; Frank Hancock, North Carolina; Clyde Williams, Missouri; Percy H. Stewart, New Jersey; Wesley E. Disney, Oklahoma; William L. Tierney, Connecticut.

Census: Ralph F. Lozier, Missouri (chairman); John E. Rankin, Mississippi; René L. DeRouen, Louisiana; O. H. Cross, Texas; John H. Kerr, North Carolina; Andrew L. Somers, New York; Thomas A. Yon, Florida; Ralph Gilbert, Kentucky; William H. Larrabee, Indiana; Bernhard M. Jacobsen, Iowa; William L. Fiesinger, Ohio; Lynn S. Hornor, West Virginia.

Civil Service: Lamar Jeffers, Alabama (chairman); William I. Strovich, New York; Claude A. Fuller, Arkansas; Robert Ramspeck, Georgia; John J. Douglass, Massachusetts; René L. DeRouen, Louisiana; Wright Patman, Texas; James F. Fulbright, Missouri; John W. Boehne, jr., Indiana; Howard W. Smith, Virginia; Brent Spence, Kentucky.



Claims: Loring M. Black, jr., New York (chairman); J. Bayard Clark, North Carolina; Robert Ramspeck, Georgia; Samuel Dickstein, New York; Ralph F. Lozier, Missouri; Fletcher B. Swank, Oklahoma; John E. Miller, Arkansas; Howard W. Smith, Virginia; John W. Boehne, jr., Indiana; Byron B. Harlan, Ohio.

Coinage, Weights, and Measures: Andrew L. Somers, New York (chairman); Edgar Howard, Nebraska; John J. Douglass, Massachusetts; Bolivar E. Kemp, Louisiana; Robert A. Green, Florida; Vincent L. Palmisano, Maryland; John J. Cochran, Missouri; William H. Larrabee, Indiana; William L. Fiesinger, Ohio; Paul J. Kvale, Minnesota.

Disposition of Useless Executive Papers: Robert A. Green, Florida (chairman).

District of Columbia: Mary T. Norton, New Jersey (chairman); Vincent L. Palmisano, Maryland; Wright Patman, Texas; Howard W. Smith, Virginia; Allard H. Gasque, South Carolina; Loring M. Black, jr., New York; J. Bayard Clark, North Carolina; Ralph Gilbert, Kentucky; Lynn S. Hornor, West Virginia; Byron B. Harlan, Ohio.

Education: John J. Douglass, Massachusetts (chairman); Loring M. Black, jr., New York; Vincent L. Palmisano, Maryland; René L. DeRouen, Louisiana; La Fayette L. Patterson, Alabama; Martin J. Kennedy, New York; Edward A. Kelly, Illinois; John H. Overton, Louisiana; William H. Larrabee, Indiana; Joseph B. Shannon, Missouri; Paul J. Kvale, Minnesota.

Election of President, Vice President, and Representatives in Congress: Samuel Rutherford, Georgia (chairman); Lamar Jeffers, Alabama; Ralph F. Lozier, Missouri; Patrick J. Carley, New York; Lindsay C. Warren, North Carolina; Wilburn Cartwright, Oklahoma; William L. Fiesinger, Ohio; Lynn S. Hornor, West Virginia.

Elections No. 1: J. Bayard Clark, North Carolina (chairman); Robert S. Hall, Mississippi; Jere Cooper, Tennessee; Claude A. Fuller, Arkansas; Byron B. Harlan, Ohio; Martin Dies, Texas.

Elections No. 2: Joseph A. Gavan, New York (chairman); John J. Douglass, Massachusetts; Lindsay C. Warren, North Carolina; O. H. Cross, Texas; William P. Cole, jr., Maryland; John H. Overton, Louisiana.

Elections No. 3: John H. Kerr, North Carolina (chairman); Butler B. Hare, South Carolina; John McDuffie, Alabama; Guinn Williams, Texas; John E. Miller, Arkansas; Howard W. Smith, Virginia.

Enrolled Bills: Claude V. Parsons, Illinois (chairman); Mell G. Underwood, Ohio; J. Bayard Clark, North Carolina; John W. Boehne, jr., Indiana.

Expenditures in the Executive Departments: John J. Cochran, Missouri (chairman); Allard H. Gasque, South Carolina; O. H. Cross, Texas; John W. Moore, Kentucky; Riley J. Wilson, Louisiana; Guinn Williams, Texas; William M. Whittington, Mississippi; Glenn Griswold, Indiana; John H. Overton, Louisiana; Charles H. Martin, Oregon; John E. Miller, Arkansas.

Flood Control: Riley J. Wilson, Louisiana (chairman); William J. Driver, Arkansas; William M. Whittington, Mississippi; Jere Cooper, Tennessee; John W. Moore, Kentucky; Fletcher B. Swank, Oklahoma; James F. Fulbright, Missouri; Glenn Griswold, Indiana; John H. Overton, Louisiana; Byron B. Harlan, Ohio.

Foreign Affairs: J. Charles Linthicum, Maryland (chairman); Sam D. McReynolds, Tennessee; Sol Bloom, New York; Luther A. Johnson, Texas; Ruth Bryan Owen, Florida; Effegene Wingo, Arkansas; Charles West, Ohio; Norton L. Lichtenwalner, Pennsylvania; J. Walter Lambeth, North Carolina; Charles A. Karch, Illinois; John W. Fishburne, Virginia; Stephen A. Rudd, New York.

Immigration and Naturalization: Samuel Dickstein, New York (chairman); Samuel Rutherford, Georgia; John W. Moore, Kentucky; John M. Evans, Montana; Robert A. Green, Florida; John H. Kerr, North Carolina; Lamar Jeffers, Alabama; Mell G. Underwood, Ohio; Vincent L. Palmisano, Maryland; Eugene B. Crowe, Indiana; Martin Dies, Texas.

Indian Affairs: Edgar Howard, Nebraska (chairman); John M. Evans, Montana; Wilburn Cartwright, Oklahoma; Joe L. Smith, West Virginia; William P. Connery, jr., Massachusetts; Samuel Dickstein, New York; William I. Sirovich, New York; Bernhard M. Jacobsen, Iowa; Dennis Chavez, New Mexico; Edward A. Kelly, Illinois.

Insular Affairs: Butler B. Hare, South Carolina (chairman); Guinn Williams, Texas; Joe L. Smith, West Virginia; John McDuffie, Alabama; Ralph F. Lozier, Missouri; Bolivar E. Kemp, Louisiana; Wilburn Cartwright, Oklahoma; O. H. Cross, Texas; Robert S. Hall, Mississippi; Ralph Gilbert, Kentucky; John E. Miller, Arkansas; William H. Larrabee, Indiana.

Interstate and Foreign Commerce: Sam Rayburn, Texas (chairman); George Huddleston, Alabama; Clarence F. Lea, California; Robert Crosser, Ohio; Parker Corning, New York; Jacob L. Milligan, Missouri; James T. Igoe, Illinois; Alfred L. Bulwinkle, North Carolina; Ashton C. Shallenberger, Nebraska; Augustine Lonergan, Connecticut; Virgil Chapman, Kentucky; Paul H. Maloney, Louisiana; Courtland C. Gillen, Indiana.

Invalid Pensions: Mell G. Underwood, Ohio (chairman); Ralph F. Lozier, Missouri; Andrew L. Somers, New York; Joe J. Smith, West Virginia; John M. Evans, Montana; Edgar Howard, Nebraska; William L. Fiesinger, Ohio; Kent E. Keller, Illinois; William H. Larrabee, Indiana; Bernhard M. Jacobsen, Iowa.

Irrigation and Reclamation: Robert S. Hall, Mississippi (chairman); William C. Lankford, Georgia; Miles C. Allgood, Alabama; Allard H. Gasque, South Carolina; O. H. Cross, Texas; James F. Fulbright, Missouri; Dennis Chavez, New Mexico; John E. Miller, Arkansas; John H. Overton, Louisiana; Charles H. Martin, Oregon.

Judiciary: Hatton W. Sumners, Texas (chairman); Andrew J. Montague, Virginia; Fred H. Dominick, South Carolina; Henry St.

George Tucker, Virginia; Tom D. McKeown, Oklahoma; Gordon Browning, Tennessee; Emanuel Celler, New York; Frank Oliver, New York; William V. Gregory, Kentucky; Malcolm C. Tarver, Georgia; Francis B. Condon, Rhode Island; Zebulon Weaver, North Carolina; William H. Dieterich, Illinois.

Labor: William P. Connery, jr., Massachusetts (chairman); Mary T. Norton, New Jersey; Robert A. Green, Florida; Robert Ramspeck, Georgia; Martin J. Kennedy, New York; John W. Moore, Kentucky; Joseph B. Shannon, Missouri; Glenn Griswold, Indiana; Bernhard M. Jacobsen, Iowa; Lynn S. Hornor, West Virginia; Kent E. Keller, Illinois.

Library: Ralph Gilbert, Kentucky (chairman); Lindsay C. Warren, North Carolina; Kent E. Keller, Illinois.

Memorials: John H. Morehead, Nebraska (chairman); Mary T. Norton, New Jersey.

Merchant Marine and Fisheries: Ewin L. Davis, Tennessee (chairman); Schuyler Otis Bland, Virginia; Clay Stone Briggs, Texas; George W. Lindsay, New York; Oscar L. Auf der Heide, New Jersey; Bolivar E. Kemp, Louisiana; William M. Whittington, Mississippi; William I. Sirovich, New York; Robert Ramspeck, Georgia; Fletcher B. Swank, Oklahoma; Arthur P. Lamneck, Ohio; Robert D. Johnson, Missouri.

Military Affairs: Percy E. Quin, Mississippi (chairman); John J. McSwain, South Carolina; Lister Hill, Alabama; James M. Fitzpatrick, New York; Jed Johnson, Oklahoma; Numa F. Montet, Louisiana; Andrew J. May, Kentucky; Samuel B. Pettengill, Indiana; Edward H. Crump, Tennessee; R. Ewing Thomason, Texas; Homer C. Parker, Georgia.

Mines and Mining: Joe L. Smith, West Virginia (chairman); Mell G. Underwood, Ohio; Andrew L. Somers, New York; Claude V. Parsons, Illinois; John M. Evans, Montana; William P. Cole, jr., Maryland; John W. Boehne, jr., Indiana; Kent E. Keller, Illinois; Lynn S. Hornor, West Virginia.

Naval Affairs: Carl Vinson, Georgia (chairman); James V. McClintic, Oklahoma; Herbert J. Drane, Florida; Patrick Henry Drewry, Virginia; Stephen W. Gambrill, Maryland; John J. Delaney, New York; Frank C. Kniffin, Ohio; William E. Barton, Missouri; Joachim O. Fernandez, Louisiana; Patrick J. Boland, Pennsylvania; Leonard W. Schuetz, Illinois; William H. Sutphin, New Jersey.

Patents: William I. Sirovich, New York (chairman); Fritz G. Lanham, Texas; Mell G. Underwood, Ohio; LaFayette L. Patterson, Alabama; Samuel Rutherford, Georgia; J. Bayard Clark, North Carolina; Joseph A. Gavan, New York; Fletcher B. Swank, Oklahoma; William P. Cole, jr., Maryland; Edward A. Kelly, Illinois; Martin Dies, Texas; Paul J. Kvale, Minnesota.

Pensions: Allard H. Gasque, South Carolina (chairman); John W. Moore, Kentucky; Patrick J. Carley, New York; Samuel Rutherford, Georgia; Edward B. Almon, Alabama; Riley J. Wilson, Louisiana; Vincent L. Palmisano, Maryland; Martin Dies, Texas; Eugene B. Crowe, Indiana; Brent Spence, Kentucky; Bernhard M. Jacobsen, Iowa; Charles H. Martin, Oregon.

Post Office and Post Roads: James M. Mead, New York (chairman); Milton A. Romjue, Missouri; John H. Morehead, Nebraska; LaFayette L. Patterson, Alabama; William F. Brunner, New York; J. Earl Major, Illinois; Harry L. Haines, Pennsylvania; Glover H. Cary, Kentucky; John S. Wood, Georgia; Thomas G. Burch, Virginia; Arthur P. Lamneck, Ohio; Martin L. Sweeney, Ohio.

Printing: William F. Stevenson, South Carolina (chairman); J. Walter Lambeth, North Carolina.

Public Buildings and Grounds: Fritz G. Lanham, Texas (chairman); Edward B. Almon, Alabama; John H. Kerr, North Carolina; William J. Driver, Arkansas; Robert A. Green, Florida; Patrick J. Carley, New York; Jere Cooper, Tennessee; Lynn S. Hornor, West Virginia; Bernhard M. Jacobsen, Iowa; Dennis Chavez, New Mexico; Howard W. Smith, Virginia; Eugene B. Crowe, Indiana.

Public Lands: John M. Evans, Montana (chairman); Thomas A. Yon, Florida; William C. Lankford, Georgia; Butler B. Hare, South Carolina; René L. DeRouen, Louisiana; Claude A. Fuller, Arkansas; Fritz G. Lanham, Texas; Fletcher B. Swank, Oklahoma; Kent E. Keller, Illinois; Dennis Chavez, New Mexico; Bernhard M. Jacobsen, Iowa; Paul J. Kvale, Minnesota.

Revision of the Laws: Byron B. Harlan, Ohio (chairman); Loring M. Black, jr., New York; William P. Connery, jr., Massachusetts; Samuel Dickstein, New York; Lamar Jeffers, Alabama; John J. Cochran, Missouri; Claude V. Parsons, Illinois.

Rivers and Harbors: Joseph J. Mansfield, Texas (chairman); John McDuffie, Alabama; Joseph A. Gavan, New York; William C. Lankford, Georgia; Thomas A. Yon, Florida; René L. DeRouen, Louisiana; William P. Cole, jr., Maryland; Charles H. Martin, Oregon; William L. Fiesinger, Ohio; John W. Boehne, jr., Indiana; Joseph B. Shannon, Missouri; Martin Dies, Texas; Brent Spence, Kentucky.

Roads: Edward B. Almon, Alabama (chairman); Bolivar E. Kemp, Louisiana; Lindsay C. Warren, North Carolina; Wilburn Cartwright, Oklahoma; O. H. Cross, Texas; Claude A. Fuller, Arkansas; William M. Whittington, Mississippi; Wright Patman, Texas; Robert Ramspeck, Georgia; Claude V. Parsons, Illinois; Eugene B. Crowe, Indiana; Charles H. Martin, Oregon.

Rules: Edward W. Pou, North Carolina (chairman); William B. Bankhead, Alabama; John J. O'Connor, New York; Adolph J. Sabath, Illinois; Daniel E. Garrett, Texas; Arthur H. Greenwood, Indiana; E. E. Cox, Georgia; Thomas S. McMillan, South Carolina.

Territories: Guinn Williams, Texas (chairman); William C. Lankford, Georgia; John E. Rankin, Mississippi; Bolivar E. Kemp, Louisiana; Allard H. Gasque, South Carolina; John McDuffie, Alabama; William J. Driver, Arkansas; Robert A. Green, Florida; John J. Douglass, Massachusetts; Eugene B. Crowe, Indiana; Claude V. Parsons, Illinois; Paul J. Kvale, Minnesota.



War Claims: Miles C. Allgood, Alabama (chairman); Butler B. Hare, South Carolina; John J. Douglass, Massachusetts; Wilburn Cartwright, Oklahoma; Wright Patman, Texas; John H. Kerr, North Carolina; Joseph A. Gavagan, New York; James F. Fulbright, Missouri; Dennis Chavez, New Mexico; Charles H. Martin, Oregon; Glenn Griswold, Indiana; Paul J. Kvale, Minnesota.

World War Veterans' Legislation: John E. Rankin, Mississippi (chairman); Lamar Jeffers, Alabama; William P. Connery, Jr., Massachusetts; Mary T. Norton, New Jersey; Edgar Howard, Nebraska; Wright Patman, Texas; Jere Cooper, Tennessee; Claude A. Fuller, Arkansas; Edward A. Kelly, Illinois; Glenn Griswold, Indiana; Dennis Chavez, New Mexico; and Brent Spence, Kentucky.

The resolution was agreed to.

Mr. SNELL. Mr. Speaker, I offer a resolution, which I have sent to the desk.

The Clerk read the resolution, as follows:

Resolution offered by Mr. SNELL:

House Resolution 62

*Resolved*, that the following Members be, and they are hereby, elected members of the following standing committees of the House of Representatives, to wit:

Elections No. 1: C. William Ramseyer, Iowa; John C. Allen, Illinois; John B. Hollister, Ohio.

Elections No. 2: John C. Schafer, Wisconsin; C. B. McClintock, Ohio; Charles E. Swanson, Iowa.

Elections No. 3: Charles L. Gifford, Massachusetts; Ed H. Campbell, Iowa; Harry A. Estep, Pennsylvania.

Judiciary: Leonidas C. Dyer, Missouri; Charles A. Christopher, South Dakota; Richard Yates, Illinois; Earl C. Michener, Michigan; J. Banks Kurtz, Pennsylvania; C. Ellis Moore, Ohio; Fiorello H. LaGuardia, New York; Homer W. Hall, Illinois; Carl G. Bachmann, West Virginia; Charles I. Sparks, Kansas.

Banking and Currency: Louis T. McFadden, Pennsylvania; James G. Strong, Kansas; Robert Luce, Massachusetts; Guy E. Campbell, Pennsylvania; Carroll L. Beedy, Maine; Joseph L. Hooper, Michigan; Godfrey G. Goodwin, Minnesota; Benjamin M. Golder, Pennsylvania; Francis Seiberling, Ohio.

Coinage, Weights, and Measures: Randolph Perkins, New Jersey; Lloyd Thurston, Iowa; George J. Schneider, Wisconsin; Victor Christgau, Minnesota; William E. Hess, Ohio; Menalcus Lankford, Virginia; Thomas R. Amlie, Wisconsin; Harold McGugin, Kansas.

Interstate and Foreign Commerce: James S. Parker, New York; John G. Cooper, Ohio; Carl E. Mapes, Michigan; Homer Hoch, Kansas; Adam M. Wyant, Pennsylvania; Olger B. Burtness, North Dakota; John E. Nelson, Maine; Thomas J. B. Robinson, Iowa; Milton C. Garber, Oklahoma; James M. Beck, Pennsylvania.

Rivers and Harbors: Richard P. Freeman, Connecticut; Nathan L. Strong, Pennsylvania; James J. Connolly, Pennsylvania; William E. Hull, Illinois; George N. Seger, New Jersey; Albert E. Carter, California; Robert G. Houston, Delaware; Henry F. Niedringhaus, Missouri; Francis D. Culkin, New York; Chester C. Bolton, Ohio.

Merchant Marine and Fisheries: Frederick R. Lehlbach, New Jersey; Arthur M. Free, California; Frank R. Reid, Illinois; Charles L. Gifford, Massachusetts; Frederick W. Magrady, Pennsylvania; Frank L. Bowman, West Virginia; Robert H. Clancy, Michigan; Charles A. Kading, Wisconsin; James Wolfenden, Pennsylvania; Victor S. K. Houston, Hawaii; James Wickersham, Alaska.

Agriculture: Gilbert N. Haugen, Iowa; Fred S. Purnell, Indiana; John C. Ketcham, Michigan; Thomas Hall, North Dakota; Harcourt J. Pratt, New York; August H. Andresen, Minnesota; Charles Adkins, Illinois; John D. Clarke, New York; Clifford R. Hope, Kansas; Donald F. Snow, Maine; Victor S. K. Houston, Hawaii.

Foreign Affairs: Henry W. Temple, Pennsylvania; Hamilton Fish, Jr., New York; Cyrenus Cole, Iowa; Morton D. Hull, Illinois; Joseph W. Martin, Jr., Massachusetts; Charles A. Eaton, New Jersey; Melvin J. Maas, Minnesota; Joe Crall, California; Edmund F. Erk, Pennsylvania.

Military Affairs: W. Frank James, Michigan; Harry C. Ransley, Pennsylvania; William R. Johnson, Illinois; Florence P. Kahn, California; Thomas C. Cochran, Pennsylvania; William H. Stafford, Wisconsin; E. W. Goss, Connecticut; Charles A. Wolverton, New Jersey; Burnett M. Chipfield, Illinois; Victor S. K. Houston, Hawaii.

Naval Affairs: Fred A. Britten, Illinois; George P. Darrow, Pennsylvania; Clark Burdick, Rhode Island; A. Platt Andrew, Massachusetts; Roy O. Woodruff, Michigan; W. E. Evans, California; Clarence E. Hancock, New York; J. Russell Leech, Pennsylvania; William R. Coyle, Pennsylvania; Victor S. K. Houston, Hawaii.

The Post Office and Post Roads: Archie D. Sanders, New York; Samuel A. Kendall, Pennsylvania; Clyde Kelly, Pennsylvania; Frank H. Foss, Massachusetts; David Hogg, Indiana; John T. Buckbee, Illinois; I. H. Doutrich, Pennsylvania; Frank P. Bohn, Michigan; Robert L. Hogg, West Virginia; Victor S. K. Houston, Hawaii.

The Public Lands: Don B. Colton, Utah; Addison T. Smith, Idaho; Scott Leavitt, Montana; Phil D. Swing, California; Samuel S. Arentz, Nevada; Harry L. Englebright, California; Robert R. Butler, Oregon; William R. Eaton, Colorado; W. I. Nolan, Minnesota; Victor S. K. Houston, Hawaii; James Wickersham, Alaska.

Indian Affairs: Scott Leavitt, Montana; Harold Knutson, Minnesota; William Williamson, South Dakota; Hubert H. Peavey, Wisconsin; Oscar De Priest, Illinois; Edmund F. Cooke, New York; George A. Welsh, Pennsylvania; Frederick C. Loofbourow, Utah; Fred C. Gilchrist, Iowa; James Wickersham, Alaska.

The Territories: Ernest W. Gibson, Vermont; Albert Johnson, Washington; Cassius C. Dowell, Iowa; Louis T. McFadden, Pennsylvania; Harry L. Englebright, California; Ed H. Campbell, Iowa; Charles Finley, Kentucky; Charles F. Curry, California; Jesse P. Wolcott, Michigan; Victor S. K. Houston, Hawaii; James Wickersham, Alaska.

Insular Affairs: Harold Knutson, Minnesota; Carroll L. Beedy, Maine; Charles L. Underhill, Massachusetts; Lloyd Thurston, Iowa; Thomas A. Jenkins, Ohio; Frederick W. Magrady, Pennsylvania; Joseph L. Hooper, Michigan; Richard J. Welch, California; George F. Brumm, Pennsylvania.

Mines and Mining: Joe J. Manlove, Missouri; Samuel S. Arentz, Nevada; Harry L. Englebright, California; Hugh Ike Shott, West Virginia; C. Murray Turpin, Pennsylvania; Charles Finley, Kentucky; Harold McGugin, Kansas; James Wickersham, Alaska.

Public Buildings and Grounds: J. Will Taylor, Tennessee; Daniel A. Reed, New York; Gale H. Stalker, New York; Charles Brand, Ohio; Clarence J. McLeod, Michigan; Frederick W. Dallinger, Massachusetts; J. Howard Swick, Pennsylvania; Albert H. Vestal, Indiana; Grant E. Mouser, Jr., Ohio.

Education: Daniel A. Reed, New York; Benjamin M. Golder, Pennsylvania; C. B. McClintock, Ohio; W. P. Lambertson, Kansas; James L. Whitley, New York; George A. Welsh, Pennsylvania; Ruth Pratt, New York; Donald B. Partridge, Maine; Ralph A. Horr, Washington.

Labor: Richard J. Welch, California; William F. Kopp, Iowa; Conrad G. Selvig, Minnesota; W. P. Lambertson, Kansas; Fred A. Hartley, Jr., New Jersey; Vincent Carter, Wyoming; Edward L. Stokes, Pennsylvania; Peter C. Granata, Illinois; O. B. Lovette, Tennessee.

Patents: Albert H. Vestal, Indiana; Randolph Perkins, New Jersey; Clarence J. McLeod, Michigan; Godfrey G. Goodwin, Minnesota; C. Murray Turpin, Pennsylvania; Fred A. Hartley, Jr., New Jersey; Victor Christgau, Minnesota; Robert F. Rich, Pennsylvania; William A. Pittenger, Minnesota.

Invalid Pensions: John M. Nelson, Wisconsin; Edward M. Beers, Pennsylvania; Frank L. Bowman, West Virginia; Conrad G. Selvig, Minnesota; David Hopkins, Missouri; Oscar De Priest, Illinois; Francis Seiberling, Ohio; W. I. Nolan, Minnesota; Charles D. Millard, New York.

Pensions: William F. Kopp, Iowa; Gale H. Stalker, New York; Hubert H. Peavey, Wisconsin; Richard J. Welch, California; J. Howard Swick, Pennsylvania; Thomas A. Jenkins, Ohio; Donald B. Partridge, Maine; Walter G. Andrews, New York; Gardner R. Withrow, Wisconsin.

Claims: U. S. Guyer, Kansas; John C. Schafer, Wisconsin; Robert R. Butler, Oregon; Victor Christgau, Minnesota; Patrick J. Sullivan, Pennsylvania; George F. Brumm, Pennsylvania; William A. Pittenger, Minnesota; Malcolm Baldrige, Nebraska.

War Claims: James G. Strong, Kansas; James H. Sinclair, North Dakota; Hubert H. Peavey, Wisconsin; Harold Knutson, Minnesota; J. Mitchell Chase, Pennsylvania; David Hopkins, Missouri; Robert L. Bacon, New York; Gerald J. Boileau, Wisconsin; Peter A. Cavicchia, New Jersey.

District of Columbia: Clarence J. McLeod, Michigan; Edward M. Beers, Pennsylvania; Gale H. Stalker, New York; Frank L. Bowman, West Virginia; Patrick J. Sullivan, Pennsylvania; James L. Whitley, New York; C. B. McClintock, Ohio; Frederick M. Davenport, New York; Pehr G. Holmes, Massachusetts.

Revision of the Laws: Frank R. Reid, Illinois; Frederick W. Dallinger, Massachusetts; John M. Nelson, Wisconsin; Charles A. Kading, Wisconsin; William R. Eaton, Colorado; Grant E. Mouser, Jr., Ohio.

The Civil Service: Frederick R. Lehlbach, New Jersey; Addison T. Smith, Idaho; Ernest W. Gibson, Vermont; Joe J. Manlove, Missouri; James H. Sinclair, North Dakota; George J. Schneider, Wisconsin; Edith Nourse Rogers, Massachusetts; Hugh Ike Shott, West Virginia; James L. Whitley, New York.

Election of President, Vice President, and Representatives in Congress: Charles L. Gifford, Massachusetts; John L. Cable, Ohio; W. I. Nolan, Minnesota; James A. Frear, Wisconsin; C. William Ramseyer, Iowa.

Irrigation and Reclamation: Addison T. Smith, Idaho; Scott Leavitt, Montana; Phil D. Swing, California; Samuel S. Arentz, Nevada; Robert R. Butler, Oregon; Vincent Carter, Wyoming; Frederick C. Loofbourow, Utah.

Immigration and Naturalization: Albert Johnson, Washington; J. Will Taylor, Tennessee; Arthur M. Free, California; Thomas A. Jenkins, Ohio; George J. Schneider, Wisconsin; J. Mitchell Chase, Pennsylvania; John L. Cable, Ohio; Edmund F. Cooke, New York; Charles D. Millard, New York; Victor S. K. Houston, Hawaii.

Expenditures in the Executive Departments: William Williamson, South Dakota; Don B. Colton, Utah; Guy E. Campbell, Pennsylvania; Frederick W. Dallinger, Massachusetts; John C. Schafer, Wisconsin; Edmund F. Cooke, New York; Frederick M. Davenport, New York; Richard B. Wigglesworth, Massachusetts; John B. Hollister, Ohio.

Rules: Fred S. Purnell, Indiana; Earl C. Michener, Michigan; Harry C. Ransley, Pennsylvania; Joseph W. Martin, Jr., Massachusetts.

Accounts: Charles L. Underhill, Massachusetts; James Wolfenden, Pennsylvania; Hugh Ike Shott, West Virginia; Ralph A. Horr, Washington.

The Census: Lloyd Thurston, Iowa; W. P. Lambertson, Kansas; Grant E. Mouser, Jr., Ohio; J. Roland Kinzer, Pennsylvania; Richard B. Wigglesworth, Massachusetts; Menalcus Lankford,



Virginia; William E. Hess, Ohio; Charles F. Curry, California; O. B. Lovette, Tennessee.

Roads: Cassius C. Dowell, Iowa; Charles Brand, Ohio; Joe J. Manlove, Missouri; Don B. Colton, Utah; John M. Nelson, Wisconsin; Robert H. Clancy, Michigan; Conrad G. Selvig, Minnesota; C. Murray Turpin, Pennsylvania; J. Roland Kinzer, Pennsylvania; Flood Control: Frank R. Reid, Illinois; William F. Kopp, Iowa; Phil D. Swing, California; James H. Sinclair, North Dakota; U. S. Guyer, Kansas; Robert F. Rich, Pennsylvania; Seymour H. Person, Michigan; John E. Weeks, Vermont; Wilbur M. White, Ohio.

World War Veterans' Legislation: Royal C. Johnson, South Dakota; Robert Luce, Massachusetts; Randolph Perkins, New Jersey; Ernest W. Gibson, Vermont; Edith Nourse Rogers, Massachusetts; Frederick R. Lehlbach, New Jersey; J. Howard Swick, Pennsylvania; J. Mitchell Chase, Pennsylvania; David Hopkins, Missouri.

Memorials: Frank Crowther, New York.

The Library: Robert Luce, Massachusetts; Ruth Pratt, New York.

Printing: Edward M. Beers, Pennsylvania.

Enrolled Bills: Guy E. Campbell, Pennsylvania; Oscar De Priest, Illinois; Harry A. Estep, Pennsylvania.

Disposition of Useless Executive Papers: Edward H. Wason, New Hampshire.

Mr. SNELL. Mr. Speaker, before the question is put I ask unanimous consent to drop the name of the gentleman from Pennsylvania [Mr. KINZER] from the Committee on Claims, as that is an error.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

The resolution was agreed to.

#### FISCAL RELATIONS BETWEEN THE DISTRICT OF COLUMBIA AND THE UNITED STATES

Mr. MAPES, chairman of the Select Committee of the House on Fiscal Relations between the District of Columbia and the United States, submitted a report (Report No. 1), which was read, and, together with the accompanying papers, referred to the Union Calendar and ordered printed.

#### TAXATION OF INCOMES IN THE DISTRICT OF COLUMBIA

Mr. MAPES, chairman of the Select Committee on Fiscal Relations between the District of Columbia and the United States, submitted a bill (H. R. 5821) to provide for the taxation of incomes in the District of Columbia, to repeal certain provisions of law relating to the taxation of intangible personal property in the District of Columbia, and for other purposes, together with a report (Report No. 2) upon the bill, which was referred to the Committee of the Whole House on the state of the Union and ordered printed.

Mr. STAFFORD. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. STAFFORD. Mr. Speaker, I would like to inquire whether the bill which was just submitted by the select committee is privileged.

The SPEAKER. The bill is privileged under a resolution passed by the last Congress. Section 4 of House Resolution 285, passed by the Seventy-first Congress, reads as follows:

The committee shall have the right to report to the House at any time by a bill or bills, or otherwise, the results of its investigations.

The authority of this resolution was later extended by the act of February 23, 1931 (46 Stat. 1377).

#### ESTATE TAX FOR THE DISTRICT OF COLUMBIA

Mr. FREAR. Mr. Speaker, I have been directed by the committee to report a bill providing an estate tax for the District of Columbia, and I am accompanying it with a report.

The SPEAKER. The gentleman from Wisconsin presents a bill and report, which the Clerk will report by title.

The Clerk read as follows:

A bill to provide for an estate tax for the District of Columbia.

The SPEAKER. Referred to the Committee of the Whole House on the state of the Union and ordered printed.

#### GASOLINE AND MOTOR-VEHICLE-WEIGHT TAX IN THE DISTRICT OF COLUMBIA

Mr. MAPES. Mr. Speaker, I would like to make the further announcement at this time that later in the day or to-morrow the gentleman from Tennessee [Mr. DAVIS] will report from the same committee a bill to increase the gasoline tax in the District of Columbia from 2 cents to 4 cents,

and another bill providing for a motor-vehicle-weight tax in the District of Columbia.

Mr. DAVIS. Mr. Speaker, in that connection I wish to ask unanimous consent that I have until 6 o'clock to-day to file those bills, if they are then ready—which I think they will be—together with the reports.

The SPEAKER. The gentleman from Tennessee asks unanimous consent that he have the balance of this legislative day in which to file with the Clerk two bills from the select committee and that the bills be printed and referred to the Committee of the Whole House on the state of the Union. Is there objection?

There was no objection.

Mr. MAPES. Mr. Speaker, some of the members of the committee would like an opportunity to refer briefly to the work of the committee and the report it has just submitted. I ask unanimous consent that I may be granted the control of one hour, a part of which I shall yield to the gentleman from Wisconsin [Mr. FREAR], a part to the gentleman from Tennessee [Mr. DAVIS], and perhaps a part to some other members of the committee, for the purpose of commenting upon and calling attention to the report which the committee has just filed.

The SPEAKER. The gentleman from Michigan asks unanimous consent to address the House for one hour, with the privilege of yielding time to certain Members. Is there objection?

Mr. BLANTON. Mr. Speaker, reserving the right to object, and I shall not object, this is some of the most important work, in my judgment, that has been done in Congress for 10 years. Why does not the gentleman ask for two hours' time, an hour to be controlled by himself and the other hour to be parceled out.

Mr. MAPES. I will state to the gentleman from Texas that the committee has just submitted its report. The report has not yet been printed and is therefore not available to the membership of the House, but the members of the committee thought they would like this brief time in which to direct the attention of the Members to the report; and if the Members desire to discuss it more fully at some other time, after the report has been printed and is available, all right and good; but for the present the members of the committee thought that one hour would be sufficient.

Mr. BLANTON. Then the gentleman intends to ask for adequate time for debate on these bills?

Mr. MAPES. We hope to consider some of the bills to-morrow.

The SPEAKER. The Chair understands that it will be necessary to go into the Committee of the Whole House on the state of the Union for the consideration of these bills. Under that condition there will be such general debate as the committee may desire. Is there objection to the request of the gentleman from Michigan?

There was no objection.

The SPEAKER. The gentleman from Michigan is recognized for one hour.

Mr. MAPES. Mr. Speaker, before calling attention to the report which has just been submitted, I want to express my appreciation to the members of this committee for the work they have done. The committee consisted of the gentleman from Wisconsin [Mr. FREAR], the gentleman from Illinois [Mr. HOLADAY], the gentleman from Pennsylvania [Mr. BEERS], the gentleman from Tennessee [Mr. DAVIS], the gentleman from Mississippi [Mr. COLLINS], the gentleman from Texas [Mr. PATMAN], and myself. The gentleman from Mississippi [Mr. COLLINS] and the gentleman from Illinois [Mr. HOLADAY] were members in the last Congress of the subcommittee of the Committee on Appropriations having in charge the District appropriation bill. The gentleman from Pennsylvania [Mr. BEERS] and the gentleman from Texas [Mr. PATMAN] were members of the District legislative committee, so that the members of the committee had some familiarity with District legislation before they were appointed to this committee.

It is probably unnecessary for me to say that no member of the committee sought this assignment; in fact, I think it



safe to say that every member accepted the assignment with reluctance. I want to say that the members of the committee accepted the duty assigned them, however, and performed it with the utmost care, faithfulness, industry, and ability. Their work was performed in a spirit of the utmost harmony and friendliness. The committee submits its report this afternoon for whatever it may be worth to the membership of the House.

In this connection I perhaps may say now as well as at any time that the committee, after its organization and after holding public hearings, retained Mr. George Lord, of Detroit, Mich., a tax expert, for research work; and I think it is the unanimous opinion of the committee that his services have been invaluable to the committee. He has been devoting himself to tax work exclusively for a period of something over 20 years, and the committee could not have conducted the investigation it has without his assistance and advice.

Mr. Speaker, under the resolution, it was the duty of the committee to report back to the House the amount that, in its judgment, it thought fair and just for the Federal Government to contribute toward the expenses of the District government. We are doing that in this report.

It was also made the duty of the committee to investigate other sources of revenue within the District, and the committee was given the right to report its findings and recommendations by bill or otherwise as it saw fit. The committee is submitting a report of something over 60 pages in length and four bills which it will ask to be considered and passed later on—one an income tax bill for the District, one an inheritance tax bill, one a bill increasing the tax on gasoline from 2 to 4 cents a gallon, and a motor-vehicle-weight tax bill.

In the judgment of the committee, these taxes are paid by most of the people of the United States, and the committee thinks there is no reason why they should not be paid by the people within the District of Columbia.

Anyone who makes any serious study of the fiscal relations between the District and the Federal Government will find that from time to time, beginning soon after the removal of the Capital to its present location, joint committees or select committees of one kind or another have been appointed to investigate and to report back their findings in regard to the general subject of the relationship of the District of Columbia to the Federal Government. This committee considered it unwise to rehash or to go over the same subject matter which has been gone over so many times, periodically, during the last 100 years.

The committee felt there was one phase of the subject matter, however, that had not been thoroughly and exhaustively studied, and it set about to make a study of that one particular feature.

Mr. BLANTON. Will the gentleman yield?

Mr. MAPES. I yield to the gentleman.

Mr. BLANTON. The same power and authority that authorizes the committee to bring in these four matters of legislation—the income tax, the inheritance tax, the gas tax, and the motor-vehicle tax, all of which are good and all of which I most heartily approve—gives this committee the power and authority to suggest legislation carrying out the main recommendation which they were appointed to make; and I was hopeful the committee would bring in that recommendation in the form of a bill and pass it and get that matter out of the way, so it will not harass Congress for the next 20 years. If we leave it to some other committee and do not clinch the nail now after we drive it through, my idea is that we are going to leave it in indefinite shape for the next 10 years, to bother us and hamstring us—

Mr. MAPES. I think I understand the gentleman's point.

Mr. BLANTON. And hold us up again in the last hours of Congress, as we were held up before we adjourned last March.

Mr. MAPES. Mr. Speaker, whether it would be advisable for Congress to fix by law a definite amount of annual contribution, I think, perhaps, is open to question; but whether it is advisable to do so or not is, of course, a matter of

policy. I do not think that the determination of that question of public policy was submitted to this committee. I do not think that that was within the province of this committee. I do not think the resolution creating the committee either contemplated or authorized the committee to bring in such a piece of legislation as the gentleman from Texas suggests. The resolution reads that the committee "is authorized" to recommend to the House what amount, in their judgment, the United States should contribute annually toward the development and maintenance of the municipality.

It has never been considered by the committee that it was the duty of the committee to bring in a bill to carry out that particular feature of its recommendation.

As I was saying, the committee felt that there was one subject which had not been thoroughly discussed or investigated by former committees, and this committee set about to make a study of that particular subject, namely, what is the tax burden of the people of the District of Columbia as compared with people in comparable cities, so-called cities of about the same size and advantages. It was for the purpose of making that study that the committee secured the assistance of Mr. Lord, the tax expert to whom I have referred.

Mr. Lord got in touch with the municipal officers, the real-estate boards, the chambers of commerce, and others familiar with valuations in the respective cities of the country comparable in size, and worked out and adjusted the rates for the people in the District of Columbia as compared with the other 22 cities with which comparison was made.

With the report filed by the committee, the committee is filing this table, along with other tables, as an annex or appendix to its report. These tables, the committee feels, are almost invaluable.

In this adjusted tax-rate table the committee finds that the tax per thousand in the District of Columbia is \$15.30. The lowest rate outside of the District is in Kansas City, where it is \$17.58. The rate varies from that up to the rate in the city of Louisville, where it is over \$30—\$30.80 to be exact—or twice as high as it is in the District of Columbia.

Mr. DYER. Will it interfere with the gentleman if I ask him a question?

Mr. MAPES. Not at all.

Mr. DYER. How much additional tax on the people, under the recommendation of the committee, as to the Federal contribution, would it require in raising the taxes in the District of Columbia to meet the full expenses of the District government?

Mr. MAPES. I intend to get to that a little later.

Mr. DYER. Very well.

Mr. CANNON. In the event that the House should not pass the four bills to which the gentleman refers, what would be the alternative?

Mr. MAPES. The alternative would be an increase in the general property tax in the District.

Mr. CANNON. And, approximately, what rate?

Mr. MAPES. I think 20 cents a hundred would take care of it.

Congress in the fixing of the tax rate for the District of Columbia, or in passing the annual appropriation bill for the District must act in a dual capacity. It must represent the District, and it must represent the people of the United States outside of the District, and, of course, wants to be fair to both. It has the dual obligation to perform as it passes the annual District appropriation bill. The committee, as the report indicates, finds that the people of the country are laboring under a very heavy tax burden; in many cases it is heavier than the taxpayer can bear.

The amount of property sold for delinquent taxes in the last few years the country over is something appalling. The committee says in its report that it does not want to make a recommendation that will result in making the tax burden in the District of Columbia to rest as heavily upon the people of the District as it rests upon the people outside of the District, because the committee is impressed



with the fact that the tax burden on the people outside the District generally is too high.

At the same time, it is difficult to argue that the people outside, with this heavy burden, should contribute to the expenses of the District government as long as the people of the District do not pay as large a tax as the average paid in comparable cities.

The report goes at length into the discussion of this subject of what is the proper rule to follow in order to determine how much the people of the District should pay toward the expenses of the District government. There was very little disagreement among the witnesses that appeared before the committee, if there was any—I do not recall any disagreement on the part of witnesses who reside in the District of Columbia as to the proper rule to follow.

As I have said, several committees have investigated the subject and have expressed their opinion as to the rule that should be followed. Most of them frankly say that they think that the people in the District should be required to pay in taxes about the same as the people have to pay who live in comparable cities; that is, cities of practically the same size and advantages. Some of the witnesses from the District, however, were tenacious in their contention that they are already doing that. The committee adopted that rule and have tried to find out what people in other comparable cities pay.

One of the duties of the joint committee of 1915 was to prepare and submit a statement of the proper proportions of the expenses of the government of the District of Columbia, or any branch thereof, which shall be borne by said District and the United States, respectively. It will be seen that that committee had practically the same question to determine, as far as laying down the rule is concerned, as was submitted to this committee. The joint committee in 1915 said:

We find after a most careful consideration of all the evidence and circumstances as shown to exist at this time that there is no reason for any arbitrary rule of proportionate contribution of expenses by the District of Columbia, by the residents thereof, and by the people of the United States who reside outside of the District; that the correct rule should be that the responsibility in taxation of the residents of the District of Columbia be as fixed and certain as the responsibility of residents of other American cities comparable with the city of Washington; that with the payment of such taxes, as may be equitable and properly assessed against privately owned taxable property, the financial responsibility of the residents of the District of Columbia should be concluded.

And the joint committee of 1922, of which the gentleman from Colorado [Mr. HARDY] and the gentleman from Georgia [Mr. WRIGHT] were members, considered this fiscal relations question in some of its aspects, and made a report in which it said some of the members of the committee believed that the United States has for a long time, and is now, contributing more than its just proportion of the administration of the District of Columbia and the upkeep of the District.

Mr. BOWMAN. Mr. Speaker, will the gentleman yield?

Mr. MAPES. Yes.

Mr. BOWMAN. I understand the report fixes the amount due the District of Columbia from the Federal Government at \$6,500,000. Is that correct?

Mr. MAPES. The report says that in the judgment of the committee the Federal contribution annually should not exceed \$6,500,000.

Mr. BOWMAN. Can the gentleman inform the House how the committee arrived at that conclusion?

Mr. MAPES. Yes; I shall be glad to, and I shall come to that in a moment.

Mr. COX. Mr. Speaker, will the gentleman yield?

Mr. MAPES. Yes.

Mr. COX. In the action of the committee in making recommendations to increase the tax burden of the people of the District of Columbia had the committee in mind the raising of larger funds from the District in order to meet increased District expenditures, or was it for the purpose of lowering the Federal contribution?

Mr. MAPES. The committee took all of those questions into consideration.

Mr. COX. Then what particular purpose, in the recommendations of the committee, did the committee desire to serve—making possible an increase in District expenditures or the lowering of the Federal contributions?

Mr. MAPES. I do not know that I clearly understand the gentleman's question.

Mr. COX. In the committee's recommendation in the interest of equalizing the tax burdens of the people of the District with the tax burdens of the people outside of the District they have recommended a raise in taxes for the people of the District, which, of course, will necessarily mean an increase in the tax revenues. Did the gentleman's committee desire to increase the revenue in order to enable larger District expenditures or did the committee desire to increase the revenue, as the gentleman has said, in the interest of equalizing the tax burden of the people of the District with the other people of the country in order to accommodate the desire, if not the demand, for a lowering of the Federal contribution?

Mr. MAPES. In following the rule which I have already referred to, that the tax burden in the District ought to be somewhat comparable to the tax burden in other cities of the same size and advantages, the committee felt that inasmuch as these taxes, which will be required if the bills which the committee has recommended are enacted, are paid by the people in these comparable cities, that on any comparative basis the people of the District ought to pay them, and after they were paid and after the people pay other taxes somewhat comparable to what people in other cities pay, then the Government should contribute whatever is necessary and proper to maintain the District government.

Mr. COX. The gentleman's committee has not recommended a tax levy on the people of the District which comes up to an average of the burden levied in the cities of this country, has it? They are still below the average of all the comparable cities of the country which the study conducted by the committee took into consideration.

Mr. MAPES. As the report says, it was not the province of the committee to fix a rate on general property. The rate is fixed more or less automatically after the Federal contribution is fixed. The rate is whatever is necessary over and above \$1.70 per \$100 to raise the budget; but answering the substance of the gentleman's question, the committee has not in its report made a recommendation which in the judgment of the committee will bring the tax rate of the people of the District up to the average of what it is in comparable cities.

Mr. GLOVER. Mr. Speaker, will the gentleman yield?

Mr. MAPES. Yes.

Mr. GLOVER. As I understand the recommendation of the committee it reduces the amount about two and a half or three million dollars below what it was in the last appropriation.

Mr. MAPES. I shall come to that in a moment.

Mr. GLOVER. Did the committee take into consideration in arriving at this figure the fact that much of the property that has heretofore borne a revenue to the city had been taken over by the Government for Government buildings, and that that would reduce the revenues somewhat or at least to the amount of the tax that was paid on that property?

Mr. MAPES. The committee did not reach the conclusion which the gentleman's question implies. The city assessor says that the values of privately owned property increased more than enough to make up the difference due to the loss of property which the Government takes over.

Mr. BLANTON. Will the gentleman yield for a question there?

Mr. MAPES. I want to finish my statement. I yield for a question.

Mr. BLANTON. Is it not a fact that if the gentleman's recommendations are all approved by Congress, the people



of the District of Columbia yet will pay only \$1.70 on the hundred?

Mr. MAPES. That is true.

Now, I should like to make a general statement, perhaps repeating something I have already said. It is the judgment of the majority of the committee that the general property tax, the country over, is too high and too burdensome, and one of the purposes of the committee in reporting the bills which it has reported is to relieve the general property tax by the income tax, the inheritance tax, and the other taxes mentioned, in so far as they will relieve them in the District of Columbia. [Applause.]

Mr. COX. Will the gentleman yield for a further question?

Mr. MAPES. If it is brief.

Mr. COX. The gentleman makes the observation that the tax burden of the people generally throughout the country is entirely too high. Is the gentleman not willing to concede that the conditions in the country are such that it is impossible for the States and other communities to lower the tax burden at this time, and that therefore, if there is to be anything of an equalization of the burdens, the recommendation of the committee ought to go to the extent of recommending a considerably higher levy on the people of the District, the gentleman recognizing, of course, that in this regard Congress has no control over the rest of the country?

Mr. MAPES. I prefer the gentleman would not make a speech. The committee desires to confine itself to the District of Columbia and not to assume the responsibility of lowering taxes in the States and in other communities. It has enough work to do if it confines itself to the District of Columbia.

I should say, perhaps, that the report of the committee is signed by six of the seven members of the committee, and that the gentleman from Wisconsin [Mr. FEARL] submits additional views. My understanding of the position of the gentleman from Wisconsin, briefly, is that he agrees with the committee in its findings of facts, but he would go farther than the committee has gone in its conclusions; he would go to the extent of requiring the people in the District to pay a general property tax equivalent to the average tax, at least of that in comparable cities, before asking the Federal Government to contribute anything. The majority of the committee, because of the peculiar set-up which makes the Congress the absolute authority over the District, as the committee report says, if it is going to err, prefers to make the error on the side of liberality; and in view of the further fact that it considers that the average general property tax the country over is too high and too burdensome, and in many cases prohibitive, it hesitates to make a recommendation, the effect of which will be to bring the general property tax in the District of Columbia up to the average even of the general property tax in the comparable cities.

Mr. COX. May I make one further observation?

Mr. MAPES. I can not yield further. Permit me to say that, in addition to the four bills which the committee has reported, the committee recommends a change in the law relating to the taxation of the property of steam railroads in the District. In investigating this subject the committee found that about one-half of the property of the steam railroads in the District of Columbia is exempt from taxation, according to the District assessor. The law says that the viaducts, tunnels, retaining walls, and some other things relating to steam railroad property are exempt entirely from taxation. The committee recommends that this subject be looked into by the legislative Committee on the District of Columbia and that that law be changed. It also recommends a change in the tax law with reference to taxing public utilities within the District; and if those changes are made, in addition to the four bills reported by the committee, material increases in the revenues will be provided.

The four bills which the committee has recommended the committee thinks are just and equitable and should be passed for the purpose of relieving the general property tax

to that extent, and there can be no argument against them certainly when considered from the standpoint of comparative tax burdens. If those bills are passed, the committee estimates that the revenues of the District of Columbia will be increased a trifle over \$4,000,000 per year.

Some one has asked "What will happen if these bills are not passed." In the District budget submitted to Congress during the last few days the estimates provide for a nearly balanced budget on the basis of the annual contribution from the Federal Government of nine and one-half million dollars. The committee says that if these four bills are passed, so far as the next fiscal year is concerned, the annual contribution of Congress could be reduced to \$5,500,000, but it feels that on account of the economic conditions the District Commissioners and others have perhaps reduced their estimates and their requests to a lower figure than it would be safe for Congress to depend upon as a permanent policy, and it is therefore recommended that the annual appropriation of Congress be not to exceed \$6,500,000. The committee thinks that that amount, together with the constantly increasing valuations of privately owned property within the District, together with these bills which the committee has reported and other legislation which the committee thinks should be passed, will take care of the reasonable increases in the cost of the District government for years to come, and that the margin between the present rate of taxation in the District on general property of \$17 per thousand and the average rate of the comparable cities will more than take care of any emergency or any unusual expansion of the activities of the Government in the District. The report would place the burden of this additional increase upon the people of the District of Columbia themselves, where the committee thinks it belongs.

The committee says frankly that if the bills reported by it are not passed, requiring the people of the District to pay taxes that people in other cities are required to pay, then in its judgment the general property tax should be increased to take care of whatever is necessary to run the government in the District over and above the annual contribution of the Federal Government of \$6,500,000.

Mr. Speaker, I have taken more time than I expected. I now yield 10 minutes to the gentleman from Tennessee [Mr. DAVIS].

Mr. DAVIS. Mr. Speaker, ladies and gentlemen of the House, the chairman of the committee has pretty well covered the report. As suggested by him, I am sure that no member of this committee desired this assignment. I know I sought to be relieved, but it was insisted by those in authority that it was an important matter which some of us should investigate. The members of the committee, I am sure, have all contributed their very best efforts. We have labored long, diligently, and conscientiously in an effort to arrive at proper conclusions with respect to this troublesome question and have made a report and recommendations which we think are in keeping with the facts and the justice of the case.

The question of the fiscal relations between the Federal Government and the District of Columbia, and the relative proportions which each should pay, has always been a controversial question, as you older Members are fully aware.

Mr. BOWMAN. Will the gentleman yield?

Mr. DAVIS. Yes.

Mr. BOWMAN. Will the report of this committee end that controversy?

Mr. DAVIS. I will state to the gentleman from West Virginia that we can not speak as to that. We can make no prediction, but we certainly hope that it may have that effect.

Mr. BOWMAN. Will the gentleman yield further?

Mr. DAVIS. Yes.

Mr. BOWMAN. The gentleman will recall that when this special committee was appointed it was appointed because of the controversy over the fiscal relations between the Federal Government and the District of Columbia. Your committee brings in recommendations for new legislation which are probably all right, but it only makes a recommendation



as to the amount that must be paid or should be paid by the Federal Government to the District of Columbia. Does not the gentleman believe it should have brought in legislation which would fix definitely the fiscal relations between the Federal Government and the District of Columbia? As it is now, we shall continue to have this controversy in every session of Congress.

Mr. DAVIS. Well, I will state to the gentleman that the committee thinks that it has acted in accordance with the instructions given it in the resolution which created the committee, and we have made our recommendation as to the amount which we think is a fair contribution as long as the fundamental conditions remain as they are now. We have recommended, and either have or will introduce, several bills in accordance with the instructions in the first section of the resolution, providing for additional revenue to be raised in the District of Columbia.

Of course the purpose of the creation of this committee was to endeavor to settle this question, at least for a time. We believe that if the membership of the House will carefully read this report and all of the data that are filed with the report and then will hear the debate upon the respective bills as they are taken up for action, they will reach the same conclusions, generally speaking, as this committee has reached.

Mr. BOWMAN. Will the gentleman yield further?

Mr. DAVIS. I will yield once more. My time is limited.

Mr. BOWMAN. I want the gentleman to understand that I am not criticizing the committee nor its report, but I am criticizing the committee because it has not attempted to establish a definite policy for fixing the fiscal relations.

Mr. DAVIS. Well, the committee thinks it has. It has made these definite recommendations. Whether the Congress will accept them or not, of course, we can not now tell. That is a matter to be determined. I think the report and recommendations are as specific as are the directions to the committee.

Now, as I was stating, this has always been a controversial subject. There has never been any uniformity or consistency and, perhaps during the greater part of the time, no logic determining the relative proportion of the payments to the expenses of the District of Columbia. For many, many years the Federal Government contributed 50 per cent to the expenses of the District of Columbia; then for a number of years it contributed 40 per cent; then for a number of years it contributed a lump sum of \$9,000,000 per annum, and during the present fiscal year we have appropriated \$9,500,000. All of those sums were perhaps arbitrarily arrived at and, of course, any sum that may be fixed is perhaps more or less arbitrary. But this committee has thoroughly investigated the subject from every angle. We have undertaken to arrive at a proper basis by comparison with the tax burdens of 22 comparable cities; and we have taken into consideration other features, in fact, every feature which we thought should be taken into consideration.

The committee reached a unanimous agreement except that the gentleman from Wisconsin has filed some additional views, and, of course, he will state his position on the floor. Briefly, he takes the position—which has already been argued to a certain extent in the debate—that we should raise the real property tax of the District of Columbia comparable to that of other cities of like jurisdiction. However, a majority of the members of this committee feel that, as stated by the chairman of the committee, taxes have mounted and mounted throughout the country until they have become burdensome everywhere; that there should be retrenchment and doubtless will be retrenchment throughout the country, and that we, as the legislative guardians of the District of Columbia, should set an example of retrenchment and economy along that line rather than to follow in the wake of increases in taxation and the extravagance in government with which the whole country, perhaps, has been afflicted in large measure for the past many years.

It is a matter of pride to the members of this committee, and I presume to every Member of the House, that this is the

only city of comparable size—and, so far as I know, the only city of any size in this country—which does not have a bonded indebtedness. As the burden and responsibility rests upon Congress to provide for the government of the District of Columbia, we think that this city should not only be made the most beautiful and most attractive city in the world as our National Capital but in so far as we may that we should make it a model city in government and in taxation.

[Here the gavel fell.]

Mr. MAPES. Mr. Speaker, I yield the gentleman five additional minutes.

Mr. DAVIS. As we state in our report, if we have erred, we have perhaps erred on the side of liberality, if we take into consideration the present tax structure in other cities of comparable size; but I think it has always been the disposition of Congress to be generous toward the District of Columbia because of the very great and vital interest the Government and the people of the United States have in our National Capital; and this fact has been manifest during all the past by the fact that the Government first contributed half of the expenses and then 40 per cent, and at least in modern times has never contributed as small an amount as we are now recommending.

Mr. KERR. Will the gentleman yield?

Mr. DAVIS. I yield.

Mr. KERR. What is the value of the Government property in the city of Washington which is nontaxable?

Mr. DAVIS. Some of the witnesses who appeared before our committee stated their estimate of that; in fact, I think the city tax assessor fixed a value of \$320,000,000 of Government property in the District of Columbia, and in that respect it is insisted by at least some of the citizens of the District of Columbia that we should pay a tax or make a contribution by reason of the large investment here in Federal property. But our reply to this is that this property is no burden to the District of Columbia. It, together with the Federal activities, constitutes the chief and almost the sole asset of this city, and because of these buildings and because of the Federal activities there is constantly a large flow of visitors to the National Capital who spend their money here, not to speak of the very large population of Government employees who are here all the time and spend their money in the city of Washington.

Mr. COX. Will the gentleman permit an interruption at that point?

Mr. DAVIS. Yes.

Mr. COX. I have always been trying to find justification for imposing the burden upon all the people of the country of contributing to the support of the District of Columbia. The gentleman, I am sure, is prepared to give the committee's reason for recommending a continuation of that state of affairs.

Mr. DAVIS. I will state to the gentleman from Georgia we thought that the Federal Government, in theory, should contribute the difference, if any, between the expenses of the District of Columbia as fixed by Congress, that is the appropriations, and the amount of taxes that would be raised in the District of Columbia when they were taxed a reasonable amount and one comparable with the amount in other comparable cities. If we should now raise the present tax on property in the District of Columbia to the average of other comparable cities, this would make it unnecessary, according to present appropriations, for the Federal Government to contribute anything.

We have undertaken to make a report that will be valuable and will be a guide to the Congress not merely for the coming fiscal year, but for a number of years to come.

There is one further feature in this connection—

[Here the gavel fell.]

Mr. MAPES. I yield the gentleman one additional minute.

Mr. DAVIS. There is one other feature that the committee took into consideration, necessarily, which has not been mentioned so far as I have heard, and that is that in times past there was quite an accumulation of District of Columbia surplus funds and we have been gradually en-



croaching upon those funds from year to year until they are now practically exhausted, and we will not have that source hereafter to draw upon.

Mr. COX. When the gentleman permitted an interruption I really intended asking the gentleman this question: The gentleman speaks of his committee setting an example to the country. Since the gentleman's committee interpreted the charge given it by the Congress in the setting up of the committee as imposing the obligation to study and recommend legislation looking toward equalizing the tax burden as between the people of the District and the people of the outlying country, and since the gentleman recognizes that the conditions that are now existing in the States and in other divisions of Government are such as can not be reached by any action that Congress can take, does not the gentleman agree that maybe the committee would have been better serving the charge given it by the Congress if it had recommended a tax burden on the people of the District that more nearly equalized that burden with the burden of the people of the country?

Mr. DAVIS. It is a matter of opinion as to whether the committee should have recommended and reported a bill increasing the tax rate on real property in the District of Columbia. We have fully reported the facts, and any Member of Congress who desires to do so is at full liberty to introduce such a bill. The real-property tax is being abolished or substantially reduced in many jurisdictions, and other forms of taxation are taking the place thereof. We submit that if the recommendation of this committee shall be adopted and the bills for raising additional revenue in the District of Columbia which we have introduced and will introduce shall be enacted into law, it would result in very substantially reducing the contribution by the Federal Government. The present annual appropriations for the District of Columbia are approximately \$45,000,000. If the bills which we recommend should be enacted into law, it would not be necessary for the United States to pay over \$6,500,000 of this sum. We recommend that the Federal appropriation not exceed this amount. That is certainly a very considerable saving to the Federal Government when we take into consideration the fact that for a long period of time the Federal Government contributed one-half of all the District of Columbia expenses, and then 40 per cent, and then amounts ranging from \$9,000,000 to \$9,700,000 per annum, the contribution during the present fiscal year being \$9,500,000. The citizens, organizations, and newspapers of the District of Columbia insist that the Federal Government should contribute toward the maintenance of the District of Columbia a much larger sum than that now being contributed, not to speak of a much smaller sum which our committee recommends. You will also find that many—I hope not too many—Members at the other end of the Capitol entertain this same attitude. [Applause.]

The SPEAKER. The time of the gentleman from Tennessee has expired.

[Here the gavel fell.]

Mr. MAPES. Mr. Speaker, the interruptions have caused the committee to take more time than was anticipated. I therefore ask unanimous consent that the time allotted to the committee be extended one-half hour.

The SPEAKER pro tempore (Mr. McMILLAN). The gentleman from Michigan asks unanimous consent that the time heretofore allotted be extended 30 minutes. Is there objection?

Mr. GREENWOOD. Mr. Speaker, reserving the right to object, will that be all the time the gentleman will ask? Will the gentleman conclude in that time?

Mr. FREAR. If the gentleman will permit, I do not know whether it will be all the time required or not. This question is rather important.

Mr. GREENWOOD. There have been many who have asked for time under general debate, and they are here, ready to speak; and in the absence of the floor leader I would not like to consent to more than the 30 minutes requested, because there has been an allotment of time under general debate.

Mr. MAPES. I may say, Mr. Speaker, I desire to yield the gentleman from Wisconsin [Mr. FREAR] one-half hour to discuss his additional views, and we will try to get through in that length of time.

Mr. GREENWOOD. It seems to me that in view of the fact that the gentleman fixed the time in the beginning, he should have taken that into consideration. I shall not object to the 30 minutes, but I shall object to any further extension of time.

Mr. MAPES. I will say to the gentleman that when we fixed the time originally we did not think that the Members of the House would interrogate us as much as they have.

The SPEAKER pro tempore. Is there objection?

There was no objection.

Mr. MAPES. Mr. Speaker, I yield 30 minutes to the gentleman from Wisconsin [Mr. FREAR].

Mr. FREAR. Mr. Speaker and gentlemen of the House, I do not know of any time in my experience here when a committee of the ability and high character of this fiscal affairs committee has disappointed in the results, and brought on the questioning which has occurred here to-day.

I am not going to discuss the general proposition of District affairs to-day, because the bills come up to-morrow, but I do wish to read a portion of my minority report, which contains practically the argument that answers some of the questions asked here to-day.

It has been stated, "Is this beautiful city going to be handicapped?" Why, no. No one advocates that. There is only just one question to consider, and that is, Shall the District pay its fair share of the taxes? The question has been suggested that the people are paying a greater tax in other parts of the country. Surely that is true, and those people are contributing to the \$9,500,000 that makes it easy for the people here to pay so little.

I wish to read briefly from this minority statement, and I think it answers the questions you have been asking and now have in mind. If it does not, I shall be glad to answer any questions if I can get sufficient time to do so.

Mr. BLANTON. Will not the gentleman ask unanimous consent to put the entire statement in the RECORD?

Mr. FREAR. Yes. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD.

The SPEAKER pro tempore. Without objection, it is so ordered.

There was no objection.

Mr. FREAR. Mr. Speaker, the minority report I have filed with the committee is based upon the following facts:

The committee has found that whereas the District of Columbia is now receiving a contribution or subsidy from the Federal Government of \$9,500,000 annually, that compared with 22 other cities of nearest population and character, the District, which means the city of Washington, should pay in taxes and license fees approximately \$14,000,000 or more annually to equal the average amount collected in these 22 cities. That is the committee finding.

After many months' examination, investigation, and deliberation the committee has reported that it recommends a raise in gas taxes, automobile taxes, and presents an estate tax and income tax. These total \$4,100,000 annually, according to estimates, but it should be noted that the estate tax is returned or credited by the Federal Government to the extent of 80 per cent, so that should be deducted from any increased burden to District taxpayers.

The income tax is offered as a substitute for the intangible-property tax, and that, too, is a substitute rather than an increased tax. The real-estate and personal-property tax, which estimated together would reach \$9,298,500, to be placed on a par with the average tax payments of the 22 cities, is ignored by the committee and is by far the largest item, reaching practically the \$9,500,000 annually paid as a District subsidy by the Federal Government in 1931. If this one item of taxes paid by other cities is collected, it would relieve the necessity for any Federal Government contribution, based on present estimates.

The two items which the committee has recommended are, first, a 4-cent gas tax instead of the 2-cent tax now imposed.



In recent years the States of Maryland and Virginia have increased their gas tax to 4 cents and 5 cents a gallon, so the people of Maryland and Virginia have been bootlegging gas to their States whenever possible to do so by purchasing at one-half the gas-tax rate charged in the District of Columbia. That situation has been indefensible, and no objection should be found to immediate favorable action upon that increase.

The automobile tax in like manner has been indefensible because the District imposes a license fee of \$1 with a nominal personal-property tax, whereas the average of the 22 cities reaches \$14, including trucks and other motor vehicles. Again the result is found in the fact that a large number of nonresidents are enabled to take out their license in the District at \$1 each, whereas in their home States they would be obliged to pay on the average from \$10 to \$14 and in some cases more than that amount. These two items standing alone recommended by the committee do not change materially the merits of the tax situation in the District.

In the minority report I have set forth briefly the foregoing facts and given reasons why the full tax should be raised by the District before the various States should be called upon for any contribution. When the average amount of taxes is paid by the District that is now paid by the 22 comparable cities, the Federal Government should make any additional contribution needed to maintain the present high standards of the Capital City. The additional remarks and minority report explains more fully these facts and is as follows:

#### ADDITIONAL VIEWS OF MR. FREAR

These additional views express complete agreement with the facts found by the committee concerning proper taxes to be raised by the District of Columbia, rejection of arguments offered of per capita taxes and Federal property offsets presented by the Government's Efficiency Bureau expert, and appreciation of the splendid and exhaustive work performed by Mr. Lord, the committee tax expert. Some familiarity with city, county, and State tax methods, the latter as State auditor for several years, leads me to express confidence that no better analysis of present tax methods in the District and in comparable cities could have been offered by anyone.

To the committee's conclusion of amount the Federal Government should pay toward the District's support as an annual subsidy, I can find no evidence that warrants the amount recommended or any other amount excepting for temporary emergency until the District is enabled to raise additional revenues found by the committee proper District contributions to the District's support, if measured by comparable cities.

Briefly, the committee finds that 22 comparable cities and the several States in 1930 averaged the following additional tax and license income that these cities are now paying, many of them far beyond the average stated. I believe like revenues should also be raised by the District of Columbia for its own support:

Increased gas tax.....	\$1,600,000
Increased motor-vehicle tax.....	1,000,000
Increased intangibles, income and estate tax.....	1,500,000
Increased public-utilities tax.....	640,000
Increased railway tax (tunnels, bridges).....	175,000
Increased real and personal tax.....	9,000,000

Total increase found equitable..... 13,915,000

The committee only asks for the following additional tax and license revenues to be raised:

Increased gas tax to 4 cents.....	\$1,600,000
Increased motor-vehicle tax.....	1,000,000
Increased estate tax.....	750,000
Increased income tax.....	750,000

Total..... 4,100,000

The above estate tax, by deduction of Federal tax refund, is no net increased burden to District taxpayers.

Thereafter the committee's report recommends that Congress appropriate an annual contribution not to exceed \$6,500,000. In view of the fact that the annual District

contribution for years has been \$9,000,000 and that for the present fiscal year it was increased to \$9,500,000, it is hard to understand on what theory the proposed Federal contribution of \$6,500,000 is recommended to Congress. That amount, added to the revenue specifically recommended to be raised of \$4,100,000, would give the District \$10,600,000, or \$1,100,000 in excess of the amount of revenue now received without any reason offered therefor. If the District raised the revenue found to be received by 22 comparable cities, it will receive annually, approximately, \$14,000,000 additional, or \$4,100,000 more than is now received from all sources.

Mr. Speaker, remembering, as set forth specifically by the committee findings that no national capital in the world with one exception, Argentina's, and no State capital in this country recognizes any duty or obligation to contribute any amount toward the local city government excepting for minor specific services, it is impossible to reconcile the committee findings of fact with the conclusion that Congress should make an annual appropriation of \$6,500,000, or any other amount, for the District support, subject to any temporary needed aid, until the District can have time to put its own tax machinery in order.

For more than a half century fiscal relations of the District and Government have been a matter of constant controversy. This is set forth in the committee report, but I speak also from personal knowledge during a large part of that period. Constant propaganda by local press and interested individuals and organizations have brought about several so-called investigations, but no appreciable reforms.

As one appointed to serve on this committee, without personal desire or expectation on my part, I believe the committee was called upon to present the facts with a fairly constructive proposal to Congress, based on its investigations, unaffected by local press criticism or other propaganda that always seeks to discredit or minimize such reports.

Without a just and proper settlement of the differences between a portion of the 487,000 residents of Washington, on the one hand, and the rights of 120,000,000 people living in the 48 States who contribute toward the annual District deficit, on the other, nothing will be accomplished and the same local tax complaints will continue.

When District business and private interests pay the average tax burdens borne by the rest of the country that now contribute to the District deficit, the Federal Government represented by Congress will not fail to appropriate additional amounts where necessary. That it should do.

Let it be remembered the District was set apart originally by the Constitution with exclusive legislative jurisdiction given Congress for Capital purposes. Those coming here for resident or business purposes were so apprised and knew that ordinary rules of taxation and District support by those having privileges of residence in the Capital were not to be modified or changed.

Those owning property in the District of Columbia should pay for that privilege, in equal proportion to taxes paid in other cities of comparable size and general character that now contribute both to the Federal Government's support and to the District's separate support. Practically all other capital cities do so. What good reason exempts the District?

When the fact is established that District tax rates are lower than in any comparable city in the country, as found by the committee, it is unjust for Congress to grant any appropriation until the rates are equalized. No just basis for any Federal Government District contribution can be found until this tax is adjusted, for these other cities now contribute toward State and Federal Governments and in addition are called upon to pay toward the upkeep of the District.

When its fair share of tax burden is borne by the District, it will be the duty and certainly the purpose of Congress to contribute whatever is necessary to make the Capital City a beautiful, healthful, and great city, second to none in the world.



That information Congress is entitled to, and it has been furnished from the hearings and facts which are analyzed, adopted, and placed before Congress by the committee report.

I shall not presume to repeat complete answers offered by Mr. Lord to District arguments, which appear in different parts of the committee's report, but I ask attention to that part of the committee's report based on Mr. Lord's analysis of all the records in which the committee says of by far the largest taxable item:

The adjusted tax rate in the city of Washington, based on the assessed valuation of all real and tangible personal property at a ratio of 90 per cent of its actual value is the ratio that the assessor, Mr. Richards, advised the committee is the ratio at which he assessed property, or \$15.30 per thousand dollars valuation \* \* \* the average adjusted tax rate for all the 23 cities, including Washington, is \$23.68 per thousand valuation, or \$8.38 more than the \$15.30 rate that obtains in the city of Washington. Excluding the city of Washington, the average adjusted tax rate in the other 22 cities is \$24.21, or \$8.91 per thousand more than obtains in the city of Washington.

In this connection, if we take a piece of property having a full value of \$10,000 and apply the adjusted tax rate, we find in the city of Washington the owners of such a piece of property would pay a tax of \$150, compared with the average tax of \$242 paid by the remaining 22 cities.

From that committee report it is disclosed the Washington tax rate collected is about 63 per cent of the average rate paid by the other 22 comparable cities. All the tables and data placed before us warrant and sustain the above finding.

Comparisons of city management, State, county, and other taxes and bond issues are all treated in the committee report. Washington and the District have no bond issues, because the District has been enabled to pay as it goes, through the continued subsidy paid by the Federal Government that does not obtain elsewhere in the world.

That is only referred to in disclosing one of several arguments advanced by District witnesses who professed to believe 22 comparable city tax payments ought not to govern, because of local conditions now covered by the \$9,500,000 annual Federal subsidy.

The committee report effectually answers all such arguments and with that feature of the report unanimously adopted, I heartily agree. Having unanimously agreed also in the several findings of fact wherein the District is disclosed to be undertaxed on every important item I have adopted conclusions in conformity with the committee findings.

It is disclosed by the 1930 tax report that Washington has \$1,182,453,345 worth of real property on its tax roll, exclusive of Federal property, taxed at \$1.70 per \$100, producing that year \$20,101,877; personal property reported was \$107,206,520 also taxed at \$1.70 rate per hundred, producing \$1,822,510; intangible property reported was \$545,188,143, taxed at only a 50-cent rate per \$100, producing \$2,725,940.

In other words, the tangible personal property of Washington is about 9 per cent of the real property, and the intangible is nearly one-half of the real property, but instead of receiving \$9,265,500, if taxed at \$1.70 per \$100, the same rate as real property or intangibles, it is taxed at 50 cents per hundred and so returns only \$2,725,940. No justification of the small rate is offered.

This illustration is no reflection on the assessor or District Commission but shows the inadequacy of a tax system compared with local income tax, gift and inheritance taxes that ought to be made a part of the District system because of fairness and means of better enforcement. I agree with the committee's action in these minor tax measures but also believe other more important undertaxes should be likewise increased.

Mr. Speaker, the committee's tax expert has collated reliable facts, in my opinion, that disclose, if the District pays taxes equal to those paid by 22 comparable cities, it should have paid in 1930 approximately \$14,000,000 more than was paid by favored District taxpayers. The estimate, I understand, is probably under the actual amount that should be collected.

A few items are here briefly discussed that rest on these findings of fact. The committee report states that the gasoline tax of the country ranges from 3 cents to 7 cents per gallon in 45 States, with 3 States retaining a 2-cent tax rate.

Maryland has a 4-cent rate, West Virginia 4 cents, Virginia 5 cents, and North and South Carolina levy a tax of 6 cents per gallon. These are rates of States near the District. The committee report recommends a rate of 4 cents, slightly less than the average tax rate imposed on gasoline by the several States.

It is clear that a rate of 4 cents a gallon is more just and equitable, because all the 48 States are now contributing to the \$9,500,000 fund which represents the District's needs. A 4-cent gas-tax rate, according to the report, will add approximately \$1,600,000 to present District tax receipts and help meet any deficit.

The motor-vehicle tax, according to the report, if raised to an average of \$14 per car, the average paid in 1930 in the United States, will increase receipts from that source approximately \$1,000,000. The average motor tax paid by 48 States which contribute toward the \$9,500,000 deficit in District income emphasizes the justice of continuing the increased gas and motor tax principle to a like increased real estate and personal property tax. This increased rate is found in the comparable 22 States to be an adjusted average of \$24.21 per thousand dollars, compared with \$15.30 now paid by the District on an increase of \$8.91 per thousand on such taxable property.

An average inheritance or estate tax, the committee report finds, at a reasonable rate will produce an annual revenue of "not less than \$750,000 annually." That is a proper tax, which will help reduce the District deficit of \$9,500,000 now paid by the 48 States, and should be enacted into law. Due to the 80 per cent refund or credit on Federal estate-tax collections, this is no added burden to the District taxpayer, but on the contrary is a net increase in the Federal Government's District contribution.

The committee finds an average income tax will increase the income now received from intangibles "by not less than \$750,000 annually." The tax should also be imposed by Congress that equally represented the 48 States which now annually contribute \$9,500,000 toward the District revenue deficit. These tax increases, the committee is informed, are very conservatively estimated.

The committee finds that an ad valorem tax on public utilities, a just method of taxation, would increase District receipts from that source from \$1,611,000 collected in 1930 to \$2,500,000, or \$900,000 annual increase with which to help reduce the \$9,500,000 annual District deficit now contributed to in part by the 48 States. If assessed at 90 per cent of true value, then \$640,000 would be the increase. That tax should be collected for reasons already advanced.

The committee finds that if instead of exempting specific railway property, such as tunnels, bridges, and so forth, against the protest of the city assessor and ordinary tax procedure, additional receipts from this needed correction would add approximately \$175,000 to the District annual revenues with which to meet its annual \$9,500,000 deficit. It is a small comparative item but certainly a proper increase.

In the largest item of undertaxation, real estate and personal property, the committee finds in effect that if the District imposes an average tax rate of \$24.21 per thousand on the average adjusted rate paid by 22 comparable cities as set forth in the hearings, an increase over the \$15.30 Washington adjusted rate now paid will bring to District revenues, based on 1930 receipts, \$31,222,907, or \$9,298,520 additional annual receipts from this item, with which to meet the \$9,500,000 deficit now found in District collections.

By far the larger part of this committee's work was employed in developing this \$9,298,520 undertax. It is nearly two-thirds of the \$14,000,000 undertax in the District disclosed by the committee. If brought up to average tax rates in 22 comparable cities the committee finds this one item



would practically offset the Federal Government's \$9,000,000 annual contribution in past years.

No logical reason is offered for failing to recommend this justified increased tax.

The committee adopted in its report the results found by its tax expert, Mr. Lord, who, after a long and voluminous correspondence and questionnaires sent to officials and business organizations in all comparable cities, secured all available data. This investigation covered 23 comparable cities, of which Washington has the lowest comparative adjusted tax rate of \$15.30, compared with a high tax rate of about double that of Washington in one or two cities and an "average adjusted rate of \$24.21, or \$8.91 per thousand more than obtains in the city of Washington." Actual values and tax rates were brought down to a common basis, as disclosed by tables and other data in the hands of the committee.

The 23 cities and adjusted rates so found are as follows:

City	Rate	City	Rate	City	Rate
Louisville.....	\$30.80	Jersey City.....	\$30.34	Newark.....	\$29.55
Boston.....	29.26	Memphis.....	28.94	Seattle.....	28.56
Minneapolis.....	28.54	Buffalo.....	27.67	Portland.....	26.89
Pittsburgh.....	26.60	Milwaukee.....	26.34	Denver.....	24.26
Rochester.....	24.01	Baltimore.....	23.40	Cleveland.....	23.08
Atlanta.....	21.70	San Francisco.....	20.20	Dallas.....	18.18
Cincinnati.....	17.68	St. Louis.....	17.61	Providence.....	17.68
Kansas City.....	17.58	Washington.....	15.30		

Mr. LINTHICUM. Mr. Speaker, will the gentleman yield?

Mr. FREAR. Yes; certainly.

Mr. LINTHICUM. I want to know whether that includes the State tax.

Mr. FREAR. It includes all, because there is no State tax. In the District the \$9,500,000 subsidy is taking care of all District taxes. No county or State tax can be properly considered here.

Mr. LINTHICUM. I mean in these cities, because if that is so, the figures are not correct so far as Baltimore is concerned.

Mr. FREAR. From the foregoing it appears for illustration that the city of Milwaukee with a comparable population of 578,249 to Washington's 486,869 and an adjusted tax rate of \$26.34 or \$11 more per thousand than the \$15.30 of Washington, is also \$2 per thousand above the average tax rate so found. In other words, the total tax paid in Milwaukee is 70 per cent more than the tax paid in Washington.

The city of Milwaukee paid a State income tax of \$7,547,403 in 1930 in addition to the Federal income tax and also contributed to the \$9,500,000 subsidy granted the city of Washington. For reasons which can be amplified, it is certain Milwaukee is as efficiently managed as the District of Columbia, yet pays a much higher tax.

In a newspaper published in Washington, last evening's edition, you will see the contribution from the District of Columbia, how much more it pays than it receives back from the Federal Government. I want to give now two or three illustrations that might be interesting.

In a large majority of the comparable cities additional rates on automobile, gas, and other items have been paid in recent years, all of which are now recommended for Washington to pay, as the proposed Washington rate. This would produce \$14,000,000 additional revenue on the average rates collected in 22 comparable cities named.

Contributions to the Federal Treasury and payments back to the contributors are studied by the States more than by local beneficiaries.

For 1930, the same year, the following payments and receipts by and from the Federal Government are noted in several of the States.

Pennsylvania paid in \$230,202,064; percentage returned, 3.1.  
Michigan paid in \$137,076,199; percentage returned, 2.8.  
Illinois paid in \$247,137,637; percentage returned, 1.7.

Among the smaller payments were—

Wisconsin paid in \$35,512,796; percentage returned, 12.3.  
Tennessee paid in \$16,478,693; percentage returned, 15.5.  
Texas paid in \$38,884,521; percentage returned, 22.6.

The largest payment and the amount returned—

New York paid in \$928,955,021; amount returned, \$8,727,208, or less than 1 per cent.

The District of Columbia received more than any State in its subsidy, \$9,500,000. This discloses another reason why Washington should properly pay the same tax rate as is now paid by 22 comparable cities.

The committee report is supported wherein it briefly discusses and unanimously rejects the Bureau of Efficiency effort to justify present District tax rates by "per capita" comparisons or the setting off of Federal property against local property on the tax roll to determine the subsidy to be granted.

A per capita tax-rate collection comparison of a city or State would be of no relative value for many reasons, some of which are set forth in the committee report. Nowhere in the world, according to the hearings, is it attempted or supported by any tax authorities or communities. Property and not individuals is alone the subject of taxation, and no averaging of the combined tax paid by Mr. Mellon, who is credited with possibly a billion dollars in property, and that of his butler gives any relative data for their separate holdings or those of any other two individuals. Another plan was suggested by the Efficiency Bureau of setting off Federal Government property against District property, with estimated sentimental, monumental, and other values on public buildings. It also included personal property belonging to the Government reaching \$180,000,000 but slashed to \$90,000,000 because of "depreciation." Added \$90,000,000 of intangible Federal property for money in the Treasury, debts, credits, and so forth, afforded an equally novel but unsound tax theory.

That policy, known nowhere else in the world, if of any value or justification, would warrant charges against the national governments of all other countries and also of hundreds of cities in our own country containing Federal buildings, lands, and other personal and intangible property. States with national parks and many millions of forest and other lands would be knocking at the doors of Congress for like subsidies on that argument offered by the Bureau of Efficiency.

These additional views are filed with no conscious prejudice for or against District residents. The same consideration only is asked which every Member would have for his own district and State, a square deal not induced by fear or extraneous arguments or one which could not be successfully defended before any jury of taxpayers drawn from outside the local district. For reasons set forth by the committee and based on the findings of fact with the 22 comparable cities, it seems impossible to reach any other logical conclusion.

Justice to the remaining 22 comparable cities which we equally represent requires an approach to their average tax collections by the District before they are called upon to contribute any part of their own revenues, however small, to the undertaxed District. This certainly justifies a condition that the District increase its revenues \$14,000,000 by taxing its real and personal and other properties the same as the 22 comparable cities.

Let me say I appreciate the spirit of my colleagues on the committee, their unstinted labors in trying to ascertain the facts and reach proper conclusions. Instead of assuming to criticize or find cause for disagreement, these views are offered in a belief that the value of the committee's labors and report should be reflected in a correct tax solution, which may serve as a guide for District tax adjustments, both now and in the future. Some emergency aid until appropriate legislation can be had would, of course, be needed, but any permanent tax adjustment should take into account the findings of fact by the committee. It is for the Congress, then, to make such contribution or subsidies as may be found just and proper. [Applause.]

Mr. BLANTON. Mr. Speaker, will the gentleman yield?

Mr. FREAR. Yes; certainly.

Mr. BLANTON. The gentleman limits the subsidy the District receives to the \$9,500,000. What about all of the



millions that we are spending here for the improvement of the city? They are subsidies also.

Mr. FREAR. Oh, of course there is more than that in direct subsidy. I had to telephone three or four different people at the Treasury yesterday to find out what the total subsidy is. They receive aid from the Federal Government to take care of the militia and in other ways. All I am asking is that when they make statements in the press that the District pays \$14,000,000 or \$15,000,000, they should also state that they get back this subsidy of \$9,500,000. No State of the 48 receives as much, and New York last year paid into the Federal Treasury as stated \$928,000,000 to help run the Government. It received back less than 1 per cent. The District received back about 66 per cent or two-thirds of its payment into the Federal Treasury. This is not so important if the District pays the same taxes relatively as other cities. The committee has reported unanimously, based on careful studies, it does not.

Mr. Speaker, I agree with the gentleman from Michigan [Mr. MAPES] that none of us wanted this assignment, none of us asked for it or thought that we were going to get it. We are trying to do the best that we can in arriving at a just decision.

Mr. LINTHICUM. Mr. Speaker, will the gentleman yield?

Mr. FREAR. Yes; certainly.

Mr. LINTHICUM. I want to know whether the committee took into consideration the State tax that those cities had to pay in addition to the city tax.

Mr. FREAR. The District pays no outside tax, for the Federal Government supplies the fund that meets all its deficit. The comparable cities' taxes paid over the counter were considered.

Mr. CANNON. Mr. Speaker, will the gentleman yield?

Mr. FREAR. Yes; certainly.

Mr. CANNON. I want to say that the gentleman has contributed materially to the discussion of this question. As I understand it, these tables of statistics will be published with the report?

Mr. FREAR. Yes.

Mr. CANNON. Do the minority views approve the correctness and accuracy of these figures?

Mr. FREAR. Every one. I agree with the committee in its findings of facts based on exhaustive studies.

Mr. MAY. It is doubtless true that all of the cities outside of the District of Columbia, for which the gentleman has made comparisons, are suffering from industrial wants that do not exist in the District of Columbia, due to the Government pay rolls and building projects—

Mr. FREAR. Between \$150,000,000 and \$200,000,000 is disbursed every year here by the Federal Government that stabilizes business, and the Government cares for its own property generally.

Mr. MAY. Is not that additional reason why the District of Columbia should bear an additional tax?

Mr. FREAR. Assuredly. I don't think there is any question about that.

Mr. GARBER. The gentleman states that he agrees with the members of the committee as to the finding of fact.

Mr. FREAR. Yes.

Mr. GARBER. Will the gentleman state to this committee the difference in the policy as suggested by its conclusions and that adopted by the committee in making its findings.

Mr. FREAR. My conclusion is that the people of the District ought in the largest one item to pay \$9,000,000 more on real and personal property, and they ought to pay more on their public utilities.

Mr. GARBER. The gentleman means to equalize their payment of taxes with the rest of the cities referred to?

Mr. FREAR. Yes. That is what we were expected to study and ascertain. Our conclusions, I believe, should conform to the findings of fact in which we were agreed.

Mr. MAPES. May I say there has been no attempt to cover the subject matter of the report which the committee has filed in detail. The members of the committee took this means of calling the attention of the House to the re-

port, and we express the hope that those of you who are interested in it will read it and the bills and the reports accompanying it, which the committee has submitted.

There are some features of the report which have not been referred to in the statements made this afternoon. We would be pleased and complimented if the Members of the House generally would read the report as filed to-day.

Mr. GARBER. Will the gentleman inform the Members when the report and the copies of the bills will be available?

Mr. MAPES. I think late this afternoon. If not, the first thing in the morning.

Mr. GREENWOOD. Do I understand that concludes the debate by the members of the Special Committee on Taxation in the District of Columbia?

Mr. MAPES. Yes.

Mr. Speaker, I yield back the balance of my time.

#### THE PRESIDENT'S MESSAGE

Mr. GREENWOOD. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the further consideration of the President's message.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the further consideration of the President's message, with Mr. LOZIER in the chair.

Mr. PURNELL. May I ask the gentleman from Indiana [Mr. GREENWOOD] if he will permit me to yield 10 minutes to the gentleman from Pennsylvania [Mr. WARSON] in order that he may attend the session of the Committee on Ways and Means? I think that was the understanding with the majority leader.

Mr. GREENWOOD. I am willing to do that. I had understood that the gentleman from Pennsylvania [Mr. McFADDEN] was to be yielded time now; but if he is willing, I will be glad to make that concession.

Mr. McFADDEN. I will be glad to yield to my colleague Mr. WATSON.

Mr. PURNELL. Mr. Chairman, I yield 10 minutes to the gentleman from Pennsylvania [Mr. WATSON].

Mr. WATSON. The United States under President Wilson's administration assumed in the major part the responsibility of financing the World War. Delegates from our allied nations were permitted, perhaps invited, to appeal in person to the Congress for war loans. Each representative promised that the amount borrowed would be repaid. There is no doubt they were sincere in their statements. Thus the people of the United States, prompted by patriotic obligations, purchased bonds amounting to \$10,000,000,000.

The world to-day seemingly is financially bankrupt. Nations claim to be unable to meet their debts. Congress is therefore called upon to extend a 1-year moratorium, hoping for a financial recovery within that period. Groups of men noted for their special qualifications have met many times since the armistice in various parts of Europe to mark a road by which the nations may return to their pre-war prosperity. The unparalleled progress in science within the decade has radically changed the public policies, developed an evolution in material affairs that has involved an economic revolution in the civilized world.

Upon this revolution will be built a new civilization, which will be superior to the present as the present one is superior to that of the Middle Ages. I do not believe that the end of civilization is near; but, to the contrary.

The parliamentary proceedings of the past now governing the actions of men and the legislators of the day, noted for their statesmanship, have failed to solve the present international problem. It will take men schooled in the new, not the old, political science to cut the Gordian knot that will bring the kingdom of prosperity and universal domestic happiness to the world.

The Democratic Party has control of the House. The hope of the Nation rests with the Democratic Congress to solve the intricate problems of taxation in order to meet the war deficit and to adopt a foreign policy that a moratorium of debts will not be extended to an indefinite period.



That there is a serious deficit can not be denied. I would prefer taxes be not increased, but rather exercise strict economy in every governmental department, but this is a political impossibility, a policy that has never been adopted by a nation in any period of history, though facing a repudiation of its debts.

The income and corporation taxes will not yield a revenue as in the past. Railroads are not earning operating expenses; great industries are in default for want of orders; individuals and banks are investing in nontaxable Government and municipal bonds. The decreased earnings of wealth will greatly lessen the receipts, and the revenue bill of 1932 will necessarily carry new sources of taxation.

France has a luxury tax. It is workable, but rather complicated. Its sales tax brings a revenue of about \$25,000,000; it is a levy of 2 per cent upon gross receipts.

I am opposed to a moratorium of the foreign debts beyond one year. I can not understand the domestic policy of taxing our people in order that the debtor nations may give work to their labor, build up an industrial policy and a military strength contrary to the interests of the American people.

When Great Britain accepted the debt agreement, Sir Frederick Wise, a member of the British Parliament, in a statement on the external debts, said:

This is the first time Great Britain has ever had an external debt. It is practically all owing to the United States, and is therefore in dollars. An external debt is a dangerous debt, as the British Government has not the control of it. I think 1923 will be a memorable year by reason of the funding of the British loan to the United States. The Hon. Stanley Baldwin, in arranging this debt on a funded basis, did a great service to the country, and acted as a statesman of supreme quality; by doing so he has saved the country millions of pounds and he has advanced the credit of Britain by millions of dollars in the eyes of the world.

If all the debtor nations had taken the same view as the British statesman, I doubt if the President would have asked for a moratorium. I wish to express very strongly my opposition to temporarily reducing the salaries of Government employees as a policy of raising a revenue. It is nothing more or less than a capital tax—a petty and ignominious method of collecting revenue without expense to the Government.

[Here the gavel fell.]

Mr. PURNELL. I yield to the gentleman from Pennsylvania [Mr. WATSON] one additional minute.

Mr. WATSON. I would rather approve taxing every person receiving an income over \$2,500 a year if such a policy were really needed.

I recall a Government employee, a married man with a family, who appealed to me for increased salary. After one year of almost continuous effort the increase was granted. When I told him he was successful, he left the office with tears of gratitude. One hundred dollars means a great deal to a Government employee.

Mr. GREENWOOD. Mr. Chairman, I yield to the gentleman from Georgia [Mr. LANKFORD] such time as he may desire.

Mr. LANKFORD of Georgia. Mr. Chairman, I ask unanimous consent to extend my own remarks in the RECORD and to include several letters, two telegrams, and a statement issued by me as carried by the Waycross Journal-Herald in my district.

The CHAIRMAN. The gentleman from Georgia asks unanimous consent to extend his remarks in the RECORD and to include the documents to which he has referred. Is there objection?

There was no objection.

Mr. LANKFORD of Georgia. Mr. Chairman, at this time I wish to discuss the foreign-debt-moratorium proposal, the application of the railroads for freight-rate increase, and my idea of real farm relief.

I endeavored to make my position clear on the first two subjects just named by a letter written by me to President Hoover on the 24th day of June last and a statement filed by me with the Interstate Commerce Commission on the 3d day of last August.

I shall now insert each of these documents in the RECORD without further comment, except to say I hope to discuss further both of these in the near future.

The letter to President Hoover is as follows:

WASHINGTON, D. C., June 24, 1931.

HON. HERBERT HOOVER,

*The White House, Washington, D. C.*

DEAR MR. PRESIDENT: I am just in receipt of your telegram asking for my views concerning your proposal in respect to postponement for one year of all intergovernmental debts.

With greatest personal regards and with full faith in your honesty of purpose, beg to state I am at complete variance with your views on this vitally important subject.

Being unalterably opposed to the cancellation of the debts due the United States by foreign nations, believing that the foreign-debt-settlement program put through a few years ago was the beginning of a total debt-cancellation scheme and campaign, and being convinced that the present debt-delay proposal will constitute a tremendous advance, becoming an entering wedge for a great drive for complete cancellation to follow in the near future, I find myself bitterly opposed to the proposition.

The cancellation of practically all the indebtedness of a financially embarrassed person is certainly very beneficial to him and to his specially preferred creditors, who do not cancel but collect their claims in full together with interest, bonuses, and other tremendous profits. Of course, there is great rejoicing among foreign debtor nations and all international bankers and other big interests in our country and elsewhere who are creditors of these foreign nations or are holders of foreign bonds or have foreign investments and who selfishly feel that real prosperity is embodied in their accumulating more and yet more wealth at the expense and to the destruction of the common people.

The same reasons that are now urged for postponement were advanced for the recent foreign-debt settlements. The same reasons will be set forth a little later for complete cancellation. The motive of the foreign debtor nations, as well as that of the international bankers, foreign creditors, and bondholders, has been, is, and will be, the same. They are not at all concerned about the welfare of the American people as a whole, but are interested in the accumulation of billions of ill-gotten gold.

Foreign investments, stocks, and bonds may temporarily advance because they will be made more valuable by this lavish donation of the money of the American people. This advance no doubt will temporarily help the American bond market. Even farm products for the present may gain a few cents. Why not? With millions and eventually billions of the people's money dished out to great corporate interests, they can afford to return a few paltry pennies.

In my humble judgment, this is but another attempt to usher in prosperity by adding additional wealth to those already a menace to our Nation because of their great wealth. The true criterion of prosperity is not the amount of food in storage but the amount of food that is used, keeping both the producer and consumer from hunger; not the cotton or wool in the hands of the speculator but that which has paid the obligations of the producer and is clothing mankind; and not the money in the vaults of banks or treasuries but the money that is in the hands and pockets of all the people.

When the blood ceases to circulate, the individual faints. If circulation is not restored, death ensues. To-day there is financial congestion in the big money centers. The financial fluid of the Nation is not circulating. There is not only dizziness but a complete financial collapse. Circulation must be restored. Greater congestion will not help but will retard recovery.

Let's not be so concerned about the accumulation of additional money in the hands of the few. Let's get it going on its endless mission of good in the hands of the many. Help the farmer get a fair price for his efforts, the laborer reasonable pay for his toll, and the individual private citizen a good return for his part in the economic scheme of things; then give them a square deal and all the employment they desire, and prosperity and happiness will be abroad in our land.

As water from the highlands on its way back to the sea makes a paradise of a desert, so the happiness and success of honest labor and effort and the money of the many flows back through the channels of commerce to the centers of great wealth, bringing prosperity out of chaos.

Great dividends and the high prices of stocks may not, and oftentimes do not, indicate prosperity for all the people. Many times they mean the taking of unfair and unconscionable profits to the detriment of the common people, eventually bringing about a nation-wide financial depression. Prosperity is wealth of the many, not of the few. Idle money in the hands of the few, locked in vaults of steel, is as useless to the masses as the salty water in the bottom of the sea is to the parched hillsides of the desert.

I respectfully contend that the transfer of large amounts of American money to foreign nations, either by foreign-debt postponement or cancellation schemes or other devices, dries up the needed resources of our common people and pauperizes our own citizenry. Foreign peoples get the benefit of money that should be kept here, giving employment to labor and bringing prosperity to our farmers. The present debt-postponement proposal certainly encourages, aids, and abets foreign loans and investments by the international bankers and is in their interest and, as I see the



proposition, is detrimental and destructive to the rights of our great common people.

What this country needs to-day is not more help for great wealth, either at home or abroad, but help to the common people so that their prosperity will spread far and wide, covering our whole Nation.

The question is not whether the present suspension scheme will temporarily help big business get more money, but is whether it will permanently help the Nation as a whole—and the common people are an important part of the Nation. The all-important vital question is what good will this suspension of payments of foreign debts do for the farmer who bought Liberty bonds to the limit, sent sons across the sea to suffer, fight, and die in a foreign land, whose home has been sold, or is now being sold, by his Government under foreclosure proceedings, and to whom and for whom his Government has never suggested a moratorium of his debts or his interest, but with a ruthless hand is demanding of him payment in full as is "nominated in the bond." What good will this suspension scheme do the millions of laborers who are out of a job and are begging for bread? What good will it do the millions of mothers and fathers whose boys are buried in Flanders fields? What good will it do the millions of naked freezing backs and hungry mouths in our own land? What good will it do the mother of the unknown soldier with her son buried yonder in Arlington while she is ragged and cold in a bread line, with her Government refusing to appropriate money to buy her a bowl of soup, while it is graciously donating millions of money—her money, and money of other fathers and mothers like her—to peoples of other nations across the sea?

At the close of the World War foreign nations owed the United States enough money to have paid off every loan and all taxes for many years on every farm of every farmer in America, and to have built every farmer a good home, and installed a farm-relief program that would have insured the prosperity of the American farmer and his folks forever.

What are we doing with these enormous assets? The answer is unbelievable. This Government we love to call ours is donating practically the whole of this enormous amount of money to foreign governments and peoples, is foreclosing with an iron hand loans under Government control against the homes of the American farmer when interest is past due, is taxing manufactured tobacco more than twice as much as the farmer gets gross for producing the raw material, is refusing to loan back to this farmer for production purposes even one-twentieth of the money raised in taxes from tobacco grown by him, is falling and refusing to put into effect any really worth-while farm-relief program, and is bringing about and perpetuating an economic system which means the ultimate destruction of the farmer, the laboring man, and the individual, independent American citizen and their Government.

My dear Mr. President, these reasons and others force me to respectfully inform you that when the present foreign-debt-suspension proposal comes before the Congress I shall vote "no."

With highest personal regards, I am, sincerely yours,

W. C. LANKFORD.

Mr. Chairman, the statement filed with the Interstate Commerce Commission is as follows:

WASHINGTON, D. C., August 3, 1931.

The INTERSTATE COMMERCE COMMISSION,

Washington, D. C.

GENTLEMEN: I respectfully submit that the greatest problem before our people to-day is what can we do to save the farmer. The next greatest question is what can we do to save the railroads? At the present neither is getting a square deal. The farmer never did get a square deal. The railroads for a long time received their share and oftentimes more than was justly coming to them. This has all changed, though, and both the farmers and the railroads are severely and unjustly suffering from causes which can not be charged solely and only to the present general financial depression. Both should do everything possible to help themselves, and both should receive help at the earliest possible moment from well-considered State and national legislation.

The problems of neither can be fairly solved by increasing the burdens or by making more numerous and complex the problems of the other. For instance, a scheme or device to take the freight and passenger business of the farmer away from the railroads without some special benefit to the farmer would not be a proper solution of any part of the farmers' problems. Neither would a 15 per cent increase of freight rates on farm products be a proper solution of any of the problems of the railroads. Such an increase would injure the farmers, would not help the railroads, and would leave the problems of both more numerous, more burdensome, and more complex. The trouble with the railroads is lack of business. The increase of freight rates on farm products would not give more of this business to the railroads. On the other hand, it will drive this business away from them. Even at the present rates, the farmer is turning his back on the railroads, is hauling by private conveyances, is patronizing the trucks, and letting his products rot in the fields rather than pay freight charges greater than he receives for the products. An increase of freight rates means less farm products hauled by the railroads and more by other means and more to rot and not be hauled at all.

Let the freight charges be made too high on farm products and the railroads will not haul any considerable amount of farm products. The time was when the farmer had to patronize the railroad if he secured fast, long-distance transportation of his products. He was at the mercy of the railroads. That time has

passed. With good highways and present methods of transportation, the farmer can absolutely do well and let the railroads be destroyed, except in so far as they serve him in other ways than by hauling his products.

The farmers are fast finding that the economical way to transport their products is by means other than railway freight. They are adopting these methods. An increase in freight rates on farm products will not help the railroads unless they wish to haul more empty cars and less loaded ones. In most instances it does not now pay the farmer to load his products on trucks, carry them to the railroad, reload on a freight car, await their transportation by slow schedules, when they must be unloaded at their destination and reloaded into another truck and finally delivered to the merchant for the wholesale or retail trade. It is a cheaper, quicker, better process to use trucks to carry the products directly from the farm to their final destination.

In order to get and keep the business of the farmer the railroads must give cheaper, better, and quicker service. This is also true as to all other classes of freight and passenger business. The railroads can not win their fight for more freight business by increase of rates, poorer service, slower schedules, more red tape, and fewer trains. Neither can the railroads build up nor even keep their present passenger business by increase of passenger fares nor by taking off trains nor by giving poorer service generally. All these things which many of the railroads are now doing and seeking to do are driving business to competing carriers and away from the railroads.

In fact, it is evident to my mind that the railroads, either knowingly or unwittingly, are destroying their own business and building up the business of the truck and bus lines. For my part, I believe in many, if not in most, instances they know well what they are doing and that there is method in their madness.

I have evidence which convinces me that the railroad officials of some, if not all, the big lines have, with malice aforethought and deliberately, decided to buy up or establish large competing bus and truck lines, drive all business possible from railroads to these lines, destroy and junk all short-line railroads, whether owned by them or others, freeze out all independent bus and truck lines, take off every passenger and freight train possible, discharge thousands upon thousands of train, shop, track, and office employees, effect certain consolidations or mergers and bring about the most gigantic, powerful, and dangerous traffic monopoly the world ever saw.

This scheme, if accomplished, would mean a tremendous loss to the working man, the farmer, and the great mass of American people. Thousands upon thousands of men now employed by the railroads would be forced to seek employment elsewhere. Thousands of miles of railroads would be junked in every State and an enormous amount of taxable property would disappear from almost every county and small city in the Nation. In many counties the tax burden of the average citizen—now almost unbearable—would be almost doubled. The people would be taxed to the limit to keep up the public roads over which this gigantic trust or associated trusts would be hauling passengers and freight without competition. I said without competition, and I meant just that. The independent bus and truck lines, as well as all railroads, except a few through, long-haul, long-distance lines would have been destroyed. This powerful traffic monopoly would be attempting to maintain the same high freight and passenger fares they now have and are seeking to establish. It would be using every device known to the ingenuity of able lawyers to capitalize all such incorporeal rights as easements, good will, licenses, or grants, franchises, and so on.

They would go into court and absolutely prove that the exclusive right or privilege of hauling passengers for hire over a public road kept up at public expense is very valuable. It could be easily shown that this right is much more valuable than the right to haul passengers or freight over a railroad owned by the railroad and kept up by the railroad, on which the railroad pays taxes and on which there are operated trains giving employment to thousands of men.

The more the public taxed itself to build good roads and bridges, the more valuable would become the exclusive right of the monopoly to haul freight and passengers over the road owned, maintained, and improved by the public, and the more this giant monopoly could capitalize good will, franchises, easements, and every other known fictitious value to squeeze more and yet more passenger fare and freight charges out of the public. This monopoly would pay no real tax to the various cities, counties, and States. The people would be paying tribute and taxes to this traffic monopoly.

This juggernaut would not be hiring men to keep up its roadbed. The public would be doing this, and this greatest of trusts would be using the public's road, driving the public into the ditch and charging the public for the outrage.

Activities which are to be the entering wedge for this kind of an orgy are already evident on every hand. The camel's nose is already under the tent. The Supreme Court decision generally known as the Baltimore street-railway case, shows the workings of the monopolistic mind in these matters. The situation is acute. There should be prompt action to save the physical railroad properties for the stockholders, financial investors, and the general public, and there should be equally prompt action to save the public roads for the public. The increase of freight rates on farm products or on other easily handled articles will not help save the physical railroad properties for the employees, the farmers, and the great common people; neither will these increases help save



the public roads for the use of the public, but will hasten and augment the destruction of both.

The physical properties of the railroads should be saved from destruction regardless of whether the attempt to destroy is by the railroad owners or others. An increase of freight rates on farm products and other easily transported commodities is, in my candid opinion, not in the interest of the laboring man, or the farmer, or the masses, and can only mean further unemployment, unreasonable reduction of wages, and greater tax burdens for the people. It is not in the public interest that the railroads be permitted and encouraged to engage in the truck and bus business on the public highways in competition with the railroads' own lines.

This can only mean a further increase of bus and truck business by the railroads and a wholesale discharge of employees, and still further curtailment of railway service, finally leading to the destruction of a large part of our physical railroad properties. An increase of all freight rates at this time, to my mind, can only be in furtherance of this shifting of transportation and the economic loss that will be occasioned thereby.

Let me say just here that I am very much alarmed about the present transportation situation. I favor saving the railroads by any and all fair means. Every reasonable law to save them and yet protect the public, should be enacted by Congress at once. I have some well-defined ideas about proposed legislation along this line, as was indicated by several amendments offered by me in the House at the last Congress when the bill to put motor busses under the Interstate Commerce Commission was up for consideration.

The railroads can succeed by rendering the greatest possible service for the least possible charge. It is not right that they should, and they will not succeed by unfair tactics, dishonest manipulations, gross favoritism, basely discriminatory laws or regulations, or by rendering the least possible service for the greatest possible charge.

I believe the railroads can profitably haul the freight of the country cheaper, faster, and more satisfactorily than it can be done by truck lines or by private conveyances. This, of course, means cheaper freight rates, more and faster loaded trains, better service generally and not higher freight rates, fewer and slower unloaded trains, and more unsatisfactory service.

I firmly believe the railroads can very profitably handle the passenger business of the country much cheaper, much safer, and much more satisfactorily than it can be handled by busses or by private conveyances. For emphasis, let me say, I believe the railroads can make train travel so pleasant, the schedule so convenient, fast, and frequent, the passenger rate so cheap, the service so safe and satisfactory until even the owners of automobiles will not use their cars over a parallel paved highway, buying oil and gasoline and taking the traffic risks, but will leave their cars in the garage and use the railroad coach instead. This kind of service, though, means better, faster, more frequent service and more—not less—courteous, skilled, experienced employees.

To my mind, the railroads are about to make an abject surrender rather than wage a noble fight. I fear there is an effort to join the alleged opposition and then, without the firing of a gun or a single skillful maneuver, surrender to themselves. I admit the railroads are not getting a square deal at this time, but I fear they are attempting to put over and perpetuate on the public a deal which will in time become a crime against all humanity. The railroads need help and I feel that the American people and their lawmaking bodies will gladly help them if they will seek to win by becoming servants of the people rather than robbers.

At an early date, on the floor of Congress, I hope to discuss more in detail just how I believe the railroads can win this fight for themselves and the country by giving more and better service to the public at reasonable rates.

For the present, before I conclude, I shall urge a few more reasons why freight rates should not be increased on farm products. All freight charges, by whomsoever paid, like taxes, are in most cases eventually passed on to, charged up to, and paid by the farmers and the common people.

Freights, Pullman charges, and many other similar costs are charged to expense accounts and into the selling price of various commodities, and in the end paid by the consuming public. The big dealer or the wealthy business man pays these things but collects them back in the end. Not so with the farmer or the consumer. What the farmer pays on his products is lost to him. Ordinarily he can not charge his freight cost up to anyone, not even to the consumer. The consumer may repay the freight when he buys the product from the middleman or dealer; but if so, it never gets back to the farmer.

Since practically all freights are eventually paid by the farmer and the consuming millions and since the farmer can not charge his freight cost up to anyone else, it follows that the farmer should be given advantage of a specially low freight rate on his products.

Greatly reduced rates are often given on certain commodities, which would not be shipped at all except for the special rate. This rule should be especially applicable to watermelons, cantaloupes, and many other farm products. A reduced rate on these farm products would increase very much the tonnage handled by the railways.

Let me make the further observation that the economical furnishing and proper distribution of food is most essential to the welfare of the whole people, the safety of our institutions, and the perpetuity of our Nation.

To-day we are in the midst of plenty with our people starving. There is so much food until it is a menace and so much hunger

until all shudder at what may come if the present situation continues. In fact, the feeding and clothing of our people is so vital and the products of the farm are so essential to the very life of our Nation that it would certainly be better for all if the freight charges on farm products were reduced to the minimum and the necessary profits of the transportation lines derived from charges on other commodities and from other branches of the service.

It is evident to my mind that freight charges on food and other products of the farm should be greatly reduced rather than increased.

Sincerely yours,

W. C. LANKFORD.

Mr. Chairman, I shall now attempt to make clear my idea of real farm relief. I am letting the two letters or statements just read speak for themselves. They deal with vitally important subjects, but to my mind, in so far as my people are concerned, none is so important as the farm problem, which I shall now attempt to discuss.

I hope to accomplish three objectives by these remarks. First, I want to tell just what I believe to be real farm relief, such as would put the farmers on a parity with other businesses and enterprises, as promised by both the Democrats and the Republicans in their last national platforms.

Second, I want to explain my plan to obtain this much-desired result, and lastly, I want to show wherein I believe my plan to be the only complete solution of the entire problem and better than any other plan.

As I have often stated before, I believe real, pure, and undefiled farm relief will only be obtained when the farmer is enabled to name the price of what he sells as fully as others name the price of what they sell to the farmer.

This can not be done by a single farmer producing a single commodity. Neither can it be done by a small group of farmers. To be effective the plan must be undertaken by practically all the farmers living in the entire United States who produce the particular commodity to be handled.

Cotton and tobacco are the principle basic products grown in my district, so I will use them to illustrate what I would like to see the farmers able to do as the result of honest-to-goodness farm-relief legislation.

I want all the farmers producing tobacco, for instance, acting under an agreement between themselves and the Government, to plant the same proportionate part of their cultivated land in tobacco and plant only so much as can be sold for an average of 20 cents or more per pound. When they plant the crop I want them to know they will get this good price in cash just as soon as the tobacco is gathered.

This would enable the farmer to borrow for production purposes any money he may need, as any person or bank would gladly loan money on a crop the price of which was absolutely sure to be very profitable.

In a few years the farmer would not want to borrow; he would have plenty of money of his own. This happy condition would enable the farmer to diversify and give much more attention to not only the small crop of tobacco allotted to him but to a cotton allotment and other crops.

He would soon be growing much better tobacco and selling it at from 50 cents to a dollar a pound and becoming absolutely independent on a smaller acreage of tobacco and with much less expense, labor, and effort.

This would be real four-square farm relief and, I repeat, can only come from an arrangement by which the farmer will be enabled to name the price of the tobacco he sells as fully as the manufacturer names the price of what he sells to the farmers and others.

This and nothing else will be farm economic equality. Some say this can never be accomplished. I say it can be done. I further say both Democrats and Republicans should quit promising economic equality to the farmers unless they intend to live up to their promises.

How can the farmer be enabled to name the price of what he sells as fully as the manufacturer names the price of what he sells to the farmer? To my mind the answer is as simple as pig tracks. Let the farmers do just what the manufacturers do. Neither can control their prices without controlling both production and marketing. It is all a question of supply and demand.

If the supply is controlled the price can be named within reasonable limits.



The manufacturers by controlling the output of their factories, both by holding down the output and by placing on the market only so much of a particular commodity as can be sold at a given or predetermined price, control and name the price of their goods.

This is the only way for the farmers to elevate and stabilize their prices. It can not be done any other way.

Suppose the manufacturers produced all kinds of goods without limit and then piled them down in warehouses everywhere without regard to the demand for the particular commodities and asked the public to come in and take anything and everything at just such price as they wished to pay. No one doubts what would happen to the manufacturers under these circumstances. They would simply go broke. This is exactly what is happening to the tobacco producers, who are selling their tobacco by this very kind of a plan.

Now, is there some way for the farmer to control his production and the placing of his tobacco and cotton on the market so as to control his prices? I answer this question for the farmers by saying yes. Here is how I say it can be done:

Let us enact a bill providing that when a very large percentage of the producers of tobacco sign a contract giving a governmental agent the right to control the acreage to be planted in tobacco and making this agent the attorney in fact of the farmers, with authority to sell the entire crop of tobacco produced by the contracting farmers, then the Government will in effect guarantee the price of cotton and tobacco to be 20 cents per pound average or above.

The contract would provide that the allotment of acreage shall be a definite percentage of land actually cultivated by the particular farmer for the year. The allotment must be fair to all and must be reasonable. The Government agency would have the complete and full right to sell the entire tobacco crop to whom and whenever the agency wished except that the agency in no event could sell the tobacco below the price guaranteed plus all cost, interest charges, and other expenses.

Also, the agency upon demand must loan to the producer the full amount guaranteed as the minimum price, and must not demand or accept any security other than the tobacco or other products grown under the contract.

Thus it will be seen the farmer would not owe the debt. The product—for instance, the tobacco—would be solely and only responsible for the debt, and the agency must sell the tobacco for enough to pay the debt in full, including all interest and other expenses.

The Government could not lose, as the product must be sold for enough to pay the loan made to the farmer and all other expense. The farmer would be getting a reasonable price named by him through his governmental agency. There would be no unreasonable middlemen profits.

The manufacturers would all get their raw material at the same price without danger of getting loaded up on raw material at a high price only to be wrecked by their competitors buying at a much lower price. All manufacturers could figure a reasonable profit on the same cost price of the raw material and would be better off than under present methods.

The price of the manufactured article would be stabilized and the ultimate consumer would not be injured but would be benefited.

Now, if my plan should be enacted into law and the farmers sign the contracts and the Government make the guaranty fixing the minimum price of tobacco at 20 cents per pound average, would the Government lose? In other words, could the Government under this scheme sell tobacco and cotton at the price guaranteed the farmer? Let us again use tobacco as an illustration and visualize the situation and see just what would happen.

Sufficient contracts having been signed under the law, the farmers having grown tobacco under the contract-control plan, having already borrowed 20 cents per pound average under the agreement that the entire loan and all cost

must be paid out of the proceeds of the tobacco, the farmer would not have to sell. The governmental agency could sell whenever it pleased, so it gets enough to pay the loans in full. This agency would have the complete control of the placing of the entire tobacco crop on the market subject only to the limitation of price just mentioned.

The manufacturer must come to the governmental agency to buy the leaf tobacco. It can not be bought elsewhere. The agency represents the farmers, so it is the farmers speaking through him who say, "We have all the tobacco you want at 22 cents per pound; how much do you want?" The manufacturers say, "We want to name the price." The farmers say, "We have made arrangements so we do not have to sell except at a fair price fixed by us. We are going to name the price; the only question for you, Mr. Manufacturer, is how much do you want? We are not selling it by the pile to the highest bidder with you naming the price. We will sell you a carload or a trainload or the whole crop for this year at our price, please. How much do you want, Mr. Manufacturer?" The manufacturer says, "Yes; but you have an overproduction. I will not pay more than 6 cents a pound." The farmers say, "That is none of your blamed business. If we have produced too much, that is our business. We do not have to sell. Buy what you want at our price. Take it or leave it. If we have any surplus after you buy all you want at our price, we will store it and save it until next year and curtail our acreage next year so as to absorb any amount that may be left over."

The manufacturer might suggest that he would not buy at all. The farmers could counter with the idea that the entire crop for the present and future years, then, would be sold to some one else, leaving the manufacturer to go out of business. All the manufacturers might go on a strike and all agree not to buy at the high price. If so, the farmers with their organization could open up new factories themselves or get others to do so with the promise to let them have all the leaf tobacco for the next several years at the fixed and guaranteed prices.

I do not believe anyone will argue that the manufacturers and exporters would not buy under this arrangement. They would simply have to buy, and for the first time in the history of the world the farmers, as free men, would be naming the price of their own products. For the first time since Adam and Eve were driven out of the Garden of Eden, the farmer would be selling his products and not simply standing by with his hands tied while some one takes his products and only hands him a few pennies of the real value of his hard-earned property. He would be selling his tobacco, not forced to let it be taken without a just return. There would be real trading, buying, and selling.

Suppose the manufacturer should say "the price is too high." The farmers and those acting for them would reply, "We know what leaf tobacco is worth. We know what you pay for labor and on account of taxes. We know what your factory cost. We know your every expense. We know the enormous dividends and profits you are making. We know what you can pay for this tobacco. We know you are going to buy at our price. How much do you want?"

Let me say just here that the farmer could not demand and get a price beyond all reason. He could, though, get a fair price. This is all he wants.

As I suggested a little while ago, the manufacturers would be glad to buy at a fixed or stabilized price rather than on an indefinite fluctuating market with danger of their competitors getting the advantage. In fact, the manufacturers would be anxious to buy in order to be sure and get all the raw leaf tobacco needed by them before the crop was sold to others. They would be faced with the danger of one or two large concerns buying up the entire crop and leaving them to close their factories. For these reasons the manufacturers of tobacco would contract with the agency of the farmers for all the tobacco needed before it was planted, to be delivered and paid for in cash at the price determined as soon as the crop of tobacco could be gathered and delivered.



Thus it will be seen that under this plan the farmer, before he started his crop, would absolutely know what he would get for his tobacco.

Now, can this plan be put into effect? I answer yes, if Congress will pass the bill suggested and introduced by me and if sufficient farmers planting tobacco, for instance, sign the contracts.

I firmly believe Congress should pass my plan. It is the duty of every friend of the farmer in Congress and out of Congress to either support my plan or offer something better. I honestly do not believe anything better can be offered. Nothing better certainly has showed up so far.

I have no doubts about the farmers signing the contracts. I have explained the plan to thousands of farmers and am yet to find the first one who, understanding the contract, says he would not sign it. It is so simple and easy to understand. On every side and from every source comes the information that unless there is a control of production and marketing there can be no control of prices.

So my plan is for the Government to say to the farmers, "Let us control within reasonable limits your production and the placing of your tobacco on the market, and we will guarantee you a good price." The farmer simply says, "I accept the proposal," and the contract is made.

Some have said that some farmers would not come in and sign but would plant all they wished, make a "killing" and wreck the whole scheme. To begin with these fellows would not be good neighbors and would find themselves very unpopular trying to live among other people who are striving honestly to solve this great question.

Then, again, I would provide by law that all manufacturers who bought all their leaf tobacco from the governmental agency be granted a very light tax on their manufactured products and that any manufacturer who bought any leaf tobacco from an outsider be very heavily taxed. This would absolutely prevent anyone endeavoring to wreck the entire scheme to satisfy his own greed. He would find no market for his tobacco.

The law would provide that if a man signed the contract and then planted more than his share, the Government could seize this surplus without pay, as it would be the property of all the farmers who were living up to their contracts.

I would not make the penalty more. The farmers would report violations where the penalty is only the forfeiture of the excessive production. Now, I want to give some reasons why I believe my plan is the best one ever suggested. Here are some of them:

(a) The farmers themselves decide by signing the contracts that they overwhelmingly approve the plan before it goes into effect.

(b) The farmers producing tobacco or any other product may put it into effect as to that product, leaving other producers free to do as they please.

(c) The plan eliminates all middlemen profits and puts an end to speculation and gambling in futures.

(d) Diversification under this plan would be stimulated and made very profitable by the farmer planting much less so-called money crops and getting much more for them.

(e) The poor man and the wealthy farmer are treated exactly alike. Each would know what he would get for his crop before he planted it. Each could get money for production purposes and borrow in cash three times what he now sells his tobacco for, and each could hold his tobacco and ultimately get the highest possible price for it.

(f) The benefits would go directly to the producers and not to those speculating on the farmers. The high prices would be paid to the farmers themselves.

(g) There would be no "equalization fees," charges for price insurance, or other speculative cost or dues. The benefits would be direct, with no export debenture or other speculative help going into the pockets of exporters or other large produce dealers on the theory that part may perchance ooze through to the farmers. The help would be in behalf of the producers and none other.

(h) The control is on acreage and not on amount of production, thereby encouraging more intensive and better cultivation of the particular allotment.

(i) The control of acreage is not based on the need of money for production purposes, which would only control the poor man, leaving the rich to plant all they please, but is based on the need for a fair price, bringing the poor and the rich alike within the circle of production and marketing control.

(j) The allotment of acreage is based on the number of acres the particular individual plants in other crops, thus preventing 1-crop farming to the detriment of the general farmer.

(k) The plan is nation-wide, with definite guarantees to the farmer rather than sectional, sporadic attempts to control production, with no guaranty to the producers. It is by mutual contract under control of the farmers and their friends rather than by the strait-jacket of law under the police authority of the States or Nation.

(l) The plan is under the contract provisions of the Constitution and provides a fair, mutual, elastic method whereby the farmers of the Nation may become a free and independent group of citizens.

These are only a few of the reasons which persuade me to humbly urge my plan as the best possible solution of the farm problem.

Mr. Chairman, I am not arguing that there is no merit in other farm-relief proposals. I have supported and voted for some of them, but all the while my judgment has been that the only proper solution is by my contract plan. During the past summer I had repeated conferences with members of the Federal Farm Board and urged in every way possible the controlling of production, marketing, and prices of farm products by a contract system.

In this connection let me insert here some letters and telegrams which are self-explanatory. On August 12, last, after the Federal Farm Board had advised the destruction of one-half of the cotton crop, I wired each of the governors of the 10 largest cotton-growing States as follows:

Am urging the Federal Farm Board that rather than destroy any part of cotton already produced, a far better plan would be to perfect an arrangement whereby one-half of present crop will be delivered into the custody or control of Federal Farm Board or a joint Federal and States agency under a contract between this agency and the farmers whereby the farmers of the whole Nation obligate themselves not to plant any cotton next year or only so much as is approved by the agency, and the agency on the part of the United States Government or United States Government and the cotton-growing States obligates itself to hold off the market all cotton now turned over to the agency plus all cotton now held by the Federal Farm Board until such time as the farmers can get a fair price for their cotton. Let this contract hold good from year to year provided the plan stabilizes the price of cotton at a reasonable and profitable price to the farmers. This contract system of controlling production and marketing so as to elevate and stabilize the price of cotton, tobacco, turpentine, and other farm products has been advocated by me for years as the only solution of the farm problem in so far as certain basic commodities are concerned and should be put into force at the earliest possible moment not only as to cotton but as to tobacco, turpentine products, and all other products where the farmers in sufficient numbers are willing to make the contracts. Destroying a large part of the present cotton crop would no doubt cause balance of the crop to sell for more than whole crop, but why ask the farmers to destroy a large part of their crop only to immediately begin making more cotton at great expense and hard labor when a better result can be obtained just as easily by holding part of this year's crop over to next year and relieve the farmers next year of again producing another crop of cotton?

On August 13, 1931, I sent the governor of my State a letter, as follows:

AUGUST 13, 1931.

Gov. R. B. RUSSELL, Jr.,  
Atlanta, Ga.

MY DEAR GOVERNOR: With further reference to the proposal of the Federal Farm Board to destroy one-third of present cotton crop, concerning which I wired you on yesterday, I wish to state that I construe the suggestion as an admission that the present farm board act is a failure and that Congress has not yet solved the farm problem. I quote from to-day's issue of one of the leading Washington dailies as follows:

"It is a humiliating commentary upon modern intelligence and boasted American efficiency, an ignominious confession of failure to regulate consumption and distribution, when with superabun-



dance and want existing side by side no better means of equalization have been devised than the destruction of products valuable for food and clothing. What has come over American efficiency that it stands dumb and impotent when wheat and cotton must be burned or left rotting in the field while millions of citizens are in need of both?"

This item is from a paper which is recognized as the mouth-piece of the big interests and as unfriendly to agriculture, and shows how the public—both friends and enemies of the farmer—feels about the proposal of the Farm Board and the laws Congress has heretofore enacted in the name of "farm relief."

I construe the proposal to destroy one-third of the present crop as a mere gesture and as an effort to shift to the States and the governors of the States a responsibility which belongs to the Federal Farm Board and Congress.

Again, let me add that the proposal is unfair in that there is no offer to destroy one-third of cotton which has passed out of the hands of the farmers and is now held by the stabilization corporations, a creature of the Farm Board, neither is there any suggestion or proposal for the destruction of any part of the cotton of last year or this, already sold by the farmer and now held by the speculators.

The proposal, as usual, is for the farmer to suffer all loss and others to share all benefits and gains. The destruction of part of crop would make untold millions of dollars for those who now are owners of cotton, not as producers but as purchasers.

Under a contract plan as suggested by me on yesterday there would be no destruction of property or special benefits and favors to cotton speculators as against the farmers, but all burdens and benefits would be shared equally by all.

Under separate cover I am mailing you some speeches I have made in Congress from time to time on the solution of the farm problem by a contract system for the control of production, marketing, and prices of farm products.

With highest regards and best wishes, I am,

Sincerely yours,

W. C. LANKFORD.

Mr. Chairman, an identical letter was sent to each of the governors of the 10 largest cotton-growing States.

I not only personally discussed this problem with the Federal Farm Board but I filed written statements and letters with the board in support of my position. One of my letters to the chairman is as follows:

Mr. JAMES C. STONE,

*Chairman Federal Farm Board, Washington, D. C.*

DEAR MR. CHAIRMAN: With further reference to the farm problem, let me say that we have come to the parting of the ways. I believe the farm problem must be solved now or never.

With the Federal Farm Board the hour has struck; the time for a great decision of a momentous question is here. It means life or death for the farmers of the Nation. It likewise means life or death for the Federal Farm Board. There is but one remedy for the farmers and the board. Each can by a mutual arrangement protect and save the other.

The present deplorable cotton, tobacco, and turpentine situation in the South furnishes the Federal Farm Board the great opportunity. The board must make good now or never. There can be no opportunity without a way. What is the way? Here it is:

Let the board, through stabilization corporations, begin buying all of these products—cotton, tobacco, etc.—offered by the original producer for sale, and continue to buy until the price advances to a fair minimum price; let the board store the products and declare the purpose of the board not to sell any of such products now owned or hereafter purchased except and until the board can dispose of same at a price sufficient to net the farmer the fixed fair minimum price after payment of all storage and other holding expenses; the board paying the present selling price as the initial payment and making additional advances as the market price advances until the fair minimum price is finally paid to the farmer.

The undertaking or contract on the part of the board to purchase would, of course, be limited by the amount of money now appropriated and hereafter made available by Congress, and the contract on the part of the Federal Farm Board to hold the product beyond 12 months would and must be conditioned upon an arrangement to be worked out by Congress or the States, or both, giving the board the right by law or a contract system, or both, to bring about and make such reasonable and fair curtailment of the acreage of the particular product as the board may determine.

This program, if instituted by the board, would be the beginning of real farm relief, and if it failed the responsibility would be on Congress. The board would have done its duty and the farmers will do theirs if given a chance under this plan.

In conclusion, Mr. Chairman, let me beg you and the board to use every possible force at your control to help the farmer in this trying hour. There never was a farm situation so serious and, to my mind, there never was an opportunity to serve the farmer with such momentous possibilities.

Assuring you of my desire to cooperate most fully with you and the board in your efforts to solve this great problem, and with best wishes, I am,

Sincerely yours,

W. C. LANKFORD.

Mr. Chairman, let me say I do not want to lose faith in the Federal Farm Board. The law under which it operates is a failure. Let us amend the law so as to provide for real farm relief. Let us save the board, but let us make it an instrument for good rather than for evil.

On August 18, 1931, the same day I wrote Chairman Stone, I issued a statement for the press briefly giving my views on the farm problem from a legislative standpoint. This statement as carried by the Waycross Journal-Herald of my district is as follows:

CONGRESSMAN LANKFORD INSISTS ON NEW SYSTEM IN AGRICULTURAL FIELD—GEORGIA LAWMAKER URGES CONTRACTS FOR PRODUCTION, MARKETING, AND PRICES

Congressman W. C. LANKFORD, of the eleventh district of Georgia, to-day issued a statement, a copy of which was mailed to the Journal-Herald for release in this section of Georgia, relative to the agricultural problem.

The statement follows:

"There will be a much greater fight over farm relief at the next Congress than ever before, and, as is usual, probably nothing worth while accomplished. On the other hand, additional serious injury and injustice may be done the farmer.

"The enemies of the farmer and of real farm relief are saying: 'The Farm Board act is a failure, must be repealed, and there should be no further effort to legislate for the farmer.'

"Others are saying: 'Down with the Farm Board; let us have the export debenture.' Still others are shouting: 'Away with the board; give us the equalization-fee plan.'

"There is yet another group who believe that two of the three positions just mentioned are wrong, and even vicious, and that the third has only slight merit, if any.

"It might be all right to repeal the Farm Board act, stop endeavoring to pass so-called 'farm-relief legislation,' and leave the farmer alone to work out his own financial salvation, if just that thing could be done. The trouble is that there are all kinds of laws for every other business, all to the detriment of the farmer. So in simple justice these laws should be repealed or some equally beneficial laws should be enacted for the farmer. It seems almost impossible to enact real farm-relief legislation, and yet it would be even more difficult to repeal all the laws which give others the advantage of the farmer. In fact, the latter is impossible, however much it may be desired by the friends of the farmer. The former is at least possible.

"So it would be not only a mistake but criminal to abolish the Farm Board outright and cease all efforts to pass any farm-relief measures.

"The enactment of the equalization-fee scheme would be even worse. It would be an outrageous crime. In order to determine how much better and more popular it would have been than the present Farm Board act, if it had been included in the present law, let us suppose it is now in effect and that instead of the money the Farm Board is using being furnished out of the United States Treasury it is being raised by assessing an equalization fee on the farmers' wheat, tobacco, or cotton.

"How would the farmer in this year of 1931 like for part of his too few dollars of tobacco or cotton money to be taken as a tax or equalization fee and what would he say when informed that it is being taken to pay big salaries and profits to others and to stabilize the price of his tobacco where it now is and his cotton at 6 cents a pound?

"If the Farm Board act is a failure and unpopular with the farmer when all the money for its operation comes out of the Treasury, how much more outrageous and unpopular would be a scheme which could not possibly boost farm prices any more than the Farm Board does, but would probably do even more harm and with an iron hand extract exorbitant charges from the farmers for the outrage.

"The export debenture would indirectly pay a bounty to the exporters of cotton, tobacco, and certain other farm products, on the theory that a part of this money will in some way ooze through the pockets of the exporters and other middlemen and eventually get back to the farmer who grew the particular product. It is urged that it would help the price also of the product sold in the United States. It is problematical whether or not it would help the price of either exports or other products except such and when actually exported.

"Even if it should temporarily help the farmer it would be an indirect bounty on production, encouraging overproduction, which is now sought to be cured by all kinds of methods. Like a dose of morphine it would not last long enough and probably leave the farmer in as bad or worse condition than before.

"It is an unfair scheme, but as just as the tariff, and has the same evil device of helping the big dealer or wealthy organization on the idea that a part of the bounty will later get to the farmer or laboring man.

"If a production or other bounty is justified, it should be paid directly to those to be helped and not to others for them.

"The export debenture can only be justified as an emergency measure, and should be passed, if at all, as a temporary move and not as a permanent solution of the farm problem.

"The members of the Farm Board are not to blame; Congress is to blame for not enacting a better law. The present act should be amended, or if repealed another law should be enacted at once,



bringing into existence a plan to control production and marketing so as to elevate and stabilize the prices of farm products.

"It is evident that this can only be done effectively and permanently by a proper contract system controlling production, marketing, and prices."

I wish I had time to read into the RECORD the many encouraging letters I have received from farmers of all sections indorsing my farm-relief plan. I will quote briefly from a highly appreciated letter received by me, on the 20th of last August, from that loyal friend of the farmers, and all-round good citizen, Hon. W. W. Webb, of Hahira, Ga., who so long has given the best within him for the cause of cooperative marketing and the welfare of his people.

I quote from Mr. Webb's letter as follows:

I have taken it upon myself to write the Farm Board in Washington again with reference to aiding the farmers in saving and preventing a total loss of the cotton crop. I believe that if we could make an announcement that the Federal Farm Board would make a liberal advancement on the cotton provided the farmers would agree to reduce the acreage to enough in 1932 to take care of the surplus, we could get them all in immediately. This is in accordance with your plan. In my letter to the Farm Board I called their attention to this being your plan and advised that they call you in conference with them. I believe that we could secure a contract from 100 per cent of the farmers in Georgia to reduce the acreage as desired by the Farm Board.

Mr. Chairman, I now insert my reply to my good friend as follows:

AUGUST 20, 1931.

Hon. W. W. WEBB,  
Hahira, Ga.

MY DEAR FRIEND: I appreciate very much your letter of the 17th instant and thank you for again approving my plan of controlling production and marketing by contracts so as to elevate and stabilize the price of cotton, tobacco, and other basic farm products. As you and I have so often agreed in our discussions of this subject, there can be no real farm relief without a maintained scale of much better prices; there can be no effective price elevation and stabilization without an effective control of both production and marketing; and these are only possible by a mutual contract between an agency representing the Government and the farmers.

This kind of an arrangement would have prevented the present deplorable condition of our farmers. If properly put into effect at once it would solve the present farm emergency and constitute real and permanent farm relief for the future. I have wired and sent air mail letters to all the governors of the cotton-growing States urging the adoption of the contract plan of production and marketing control as a means of elevating prices, and during the last 10 days I have had several conferences and filed two written statements with the Federal Farm Board urging the merits of the contract plan.

The plan submitted by me to the board is as follows:

"Let the board, through the stabilization corporations, begin buying all of these products—cotton, tobacco, etc.—offered by the original producer of same, and continue to buy until the price advances to a fair minimum price; let the board store the products and declare its purpose not to sell any of such products now owned or hereafter purchased except and until the board can dispose of same at a price sufficient to net the farmer the fixed fair minimum price after payment of all storage and other holding expenses, the board paying the present selling price as the initial payment and making additional advances as the market price advances until the fair minimum price is finally paid to the farmer.

"The undertaking or contract on the part of the board to purchase would, of course, be limited by the amount of money now appropriated and hereafter made available by Congress, and the contract on the part of the Federal Farm Board to hold the products beyond 12 months would and must be conditioned upon an arrangement to be worked out by Congress or the States, or both, giving the board the right by law or a contract system, or both, to bring about and make such reasonable and fair curtailment of the acreage of the particular product as the board may determine."

I shall again discuss this matter with the board in a few days and am so glad you wrote the board giving the plan your approval. Several governors have written or wired me giving either their qualified or full approval to the contract plan. Also, several Senators and Members of the House are lining up with us. The Federal Farm Board is very much interested and I believe will eventually approve it. The board is handicapped in so many ways. Even the law under which it operates is wrong and vicious in many respects. As you know, I had a bill pending which would have given the present board full power to effectively put our contract plan into full operation, but there was a stampede of certain interests not friendly to the farmer, and those in Congress who had not studied the problem and simply wanted to vote for anything labeled farm relief, and the present law is the result.

I am making the fight of my life to get the present act amended so as to not only give the board the power to install the contract system, but require them to do so. I am hoping that before next December the board and even President Hoover will recommend the amendment. We are bound to succeed eventually, but the

thing that grieves me is all this delay and the awful losses which the farmers are suffering in the meantime.

Thanking you again for writing me, and with highest personal regards and best wishes, I am,  
Sincerely your friend,

W. C. LANKFORD.

Mr. Chairman, in every way possible I am keeping my plan before the people, Congress, governmental officials, and the President of the United States. I want every friend of the farmers to do one of two things. Either help pass my bill or tell me what objection they may have to it. I will gladly abandon my bill if some one will show me some better plan. Until then I am pushing it in every way possible every time I can get a chance to talk farm relief.

While out west last September I read an item in the Livingston (Mont.) Enterprise, from which I quote the following:

WASHINGTON, September 8.

President Hoover to-day sought a way out for American cotton growers, buried under the highest September crop estimate in 16 years, a Department of Agriculture forecast of 15,685,000 bales.

I immediately wired President Hoover as follows:

LIVINGSTON, MONT., September 8, 1931.

Hon. HERBERT HOOVER,

President of the United States, Washington, D. C.:

Am very happy that so many Senators, Representatives in Congress, and other high officials are now advocating the elevation and stabilization of the prices of cotton, tobacco, and other basic farm products by a mutual contract system along the line advocated by me in my conference with you about a year ago. Such a system worked out along proper lines would have prevented the present awful decline in the prices of farm products. I am urging to the fullest extent not only the adoption of an emergency contract relief plan for the solution of the present distressing financial condition of the farmers but also a permanent production and marketing, control and price elevation plan along lines of the bills introduced by me in the Congress from time to time for this purpose and explained and advocated by me in numerous speeches as appears in the CONGRESSIONAL RECORD for the last several years. A proper contract system is the only efficient permanent way to put the farmers on equality with other businesses and enterprises as promised by both the Democratic and Republican platforms in the last national campaign. In behalf of the farmers of the Nation, I urge you to now help put into effect such a contract system as an emergency move to elevate and stabilize the present prices of farm products. I also plead with you to advocate a permanent contract system of control of production, marketing, and prices of farm products as the only permanent efficient solution of the farm problem.

W. C. LANKFORD,

Member of Congress, Eleventh District of Georgia.

In conclusion let me say I need the help of everyone who believes my plan is right. Let us all get behind the plan and push. Those who oppose this kind of legislation are very obstinate and can only be overcome by the loyal, concerted action of all the friends of the farmers. [Applause.]

Mr. GREENWOOD. Mr. Chairman, I yield 30 minutes to the gentleman from Pennsylvania [Mr. McFADDEN]. [Applause.]

Mr. McFADDEN. Mr. Chairman, ladies and gentlemen of the committee, at this hour the Ways and Means Committee of the House is taking up the discussion of the moratorium bill. I understand that the Under Secretary of the Treasury is at the present moment presenting to that committee the administration's ideas as regards the Hoover moratorium.

I am greatly indebted to the majority leadership of the House for granting me this time to discuss minutely this question of the moratorium. I desire also to observe that at this time, before the bill is under consideration in the House and before the bill has been discussed except by the presentation of the administration's plan in the Ways and Means Committee, the full force of the administration's influence is being exerted to exact the pledges of the Members of the House as to how they are going to vote on the moratorium.

The particular situation I want to mention at the outset is that at the present time the Hoover moratorium has been succeeded by the operations of the Young plan, brought about by the recent conference in Washington of the Premier of France, M. Laval, and the President of the United States. Under that plan the Germans have asked for a moratorium as provided by law, and the committees



appointed under that plan by the Bank of International Settlements have been engaged for the past week in determining Germany's capacity to pay. In addition to that the committees of the international bankers are also at work studying the short-time debt situation and Germany's capacity to pay the short-term debts. It is well for you to keep in mind that there is much confusion as regards the short-term debts. The matters in which the international bankers are particularly interested at this time are the acceptance credits. Those are the short-term debts that are referred to.

On June 20, 1931, while Congress was not in session, the President of the United States, acting without any legal or official authority, for the benefit of a foreign country with which we had lately been at war, proposed and virtually brought about a loss to this country of \$245,000,000 in one single year and paved the way for much greater losses for this country to sustain in all the years that follow after. Worse than that, he proposed that the Congress of the United States should unlawfully dissipate the resources of this country by giving the money which was due to us under contract, and which should have been paid to us and of which we are the trustees for the people, to foreign nations which have no claim upon us and through them to that foreign nation with which we have lately been engaged in war. In short, he proposed that we should take money away from the men and women and children of this country and give it to Germany. This, in my opinion, was an infamous proposal.

Because it was an infamous proposal, the President of the United States endeavored to find support for his intended action. He was afraid to do this thing alone at the bidding of the German international bankers—the Warburgs; Kuhn, Loeb & Co., of New York; and their followers—all of whom have been engaged in bleeding this country white for the benefit of Germany and themselves ever since the World War came to an end. He was afraid to do it on his own responsibility, because he had no authority to do it in law, either in domestic law or in international law, in morals, in good faith, or under his constitutional oath of office. In fact, it was a violation of his oath of office and a breach of international law for him to do it at all. So, what does he do? He forgets himself and goes so far as to summon the leaders of Congress by telegraph and telephone and asks them to signify their consent to his proposed illegal action in advance. He asked them to give him their votes to sustain his illegal action. He proposed to commit an unfriendly act toward France and he asked certain members of both parties in Congress to sustain him in that course of conduct. He asked them to promise to legalize his unfriendly act. And in advance of the assembling of this Congress which alone has power to make law for this country.

Those of you who were not consulted in this crude attempt at usurpation of legislative power were in effect foreclosed in advance. You were, perhaps, men of no importance in the eyes of President Hoover. Has any President ever so far forgotten the dignity of his office and the limited place of the Executive in this Government as to do a thing like that before? Could anything be more distressing to American pride than such a message to the powers? What constitutes leadership in Congress? Does leadership mean that men of both parties from States where international bankers have their head offices can upon occasion go into a secret conference with the President of the United States, the agent of those bankers, and tell him the little fellows do not count, that they can be held in line and forced to vote "yes" when they might be expected to vote "no"?

Mr. Hoover is not running a coal mine here. He is not a dictator.

I have been here for a good many years. For the past 17 years I have been a member of the House Banking and Currency Committee. For that reason, I presume, I received a telegram last June from the President of the United States asking my consent to the course he wished to pursue. I did not answer that telegram. I am standing here as the Representative of the fifteenth congressional dis-

trict of my native State, and my vote has not been cast in secret upon a matter concerning which my constituents have had no information and no chance for discussion. This is the place where we make the laws. This is the place where my vote is cast for the fifteenth district of Pennsylvania. [Applause.] I do not vote on matters concerning the welfare of the United States in a telephone booth or in the office of a telegraph company. Consequently, I stand here free. I have made no bargain to vote for the proposal of the German international bankers and the deal Herbert Hoover is trying to put through for them.

But were it otherwise, had I yielded to the importunate demand of the President of the United States, had I been misled by the specious plea of urgency or by any other consideration, and had I afterwards found out what I propose to unravel for your consideration here to-day, I would not feel bound to vote in accordance with a promise that had been wrung from me by unfair means. I would take back such a promise and I would examine the question on its merits and vote according to my conscience and the interests of my constituents.

Do you remember what happened in this country when President Wilson asked the voters to elect a Democratic Congress so that his policies might be put into effect? It was nothing like this bold-faced attempt to usurp legislative functions, to make a law in a small group, and then to peddle it to legislators for their approval. President Wilson's request was nothing like this, and yet the country resented it and refused it and sent us a Republican majority instead of a Democratic one.

After completing his underhanded arrangements by telegraph and telephone, arrangements which savored more of the ways of an oriental potentate drunk with power than of conduct proper for a President of the United States to pursue, Mr. Hoover, with a dramatic flourish, made his proposal, linking it as usual with a lot of false and insincere humanitarianism.

One of the most significant things about the Hoover moratorium was the suddenness with which it was proclaimed. There was nothing accidental about that suddenness, however. The present administration never makes a move of this sort without ordering a spot light beforehand. Months may go into the excited preparation of a deal, but when the moment comes to give the people an official version of what is happening the electricians are ordered to drag in the spots; the sound apparatus is sent for, and the photographers may be seen hurrying toward the White House.

Behind the Hoover announcement there were many months of hurried and furtive preparation both in Germany and in the Wall Street offices of Germany's bankers. The groundwork had to be prepared. The German budget had to be doctored and left unbalanced. Germany, like a sponge, had to be saturated with American money. Mr. Hoover himself had to be elected, because this scheme began before he became President. If the German international bankers of Wall Street—that is, Kuhn, Loeb & Co., J. & W. Seligman, Paul Warburg, J. H. Schroeder & Co.—and their satellites had not had this job waiting to be done, Herbert Hoover would never have been elected President of the United States. They helped select him. They helped elect him.

The Hoover proposal originated in the offices of the German international bankers in New York. William Randolph Hearst has lately made the following statement:

This plan for revision of war debts, with America paying the piper while war-mad Europe dances, is purely a plan of international bankers, who make money through commissions out of spoliation of their countrymen. One of those bankers wrote me the whole plan months before it was made public and asked my support of it.

I refused support and I pledged unending opposition to this plan to plunder the American people in the interests of foreign nations, for which most of these international bankers are financial agents.

[Applause.]

You will notice that Mr. Hearst says the plan was presented to him in writing by an international banker months before it was made public. This ought to convince you that it did not originate in the mind of President Hoover. It



ought to convince you that it was presented to President Hoover by the same international bankers or one of his followers who presented it to Mr. Hearst and who was rebuked by Mr. Hearst for his cheek and impudence. This international banker was not rebuked by Mr. Hoover. Mr. Hoover, it appears, promised to support the plan, although in his campaign speeches and in other addresses made by him he continued to deny that he was in favor of the object of the outrageous and unpatriotic German banker propaganda for cancellation of war debts and the binding down of American labor to the task of paying the entire cost of the World War.

We have other evidence that this is true. Unknown to the President and his banker friends, an account of the plan was brought to Washington in the summer of 1930, nearly a year before the President appeared before the footlights, and, as master of ceremonies for the German international bankers, made his public announcement. If there was a crisis in German financial affairs in July, 1931, and if there is one in those affairs now, that crisis was well arranged in advance by the German international bankers and no one in Germany took any steps to prevent its occurrence. The plan was brought to Washington and it was divulged to Senators. Closely as the secret was guarded it leaked out nearly a year in advance. This ought to convince you that it was not the result of any sudden emergency in Germany or elsewhere. This ought to convince you that it was a put-up job.

But we have other and equally convincing evidence in regard to the origin of this plan. On October 23, 1931, the German Minister of Communications, Herr Treviranus, publicly stated in Germany that President Hoover began secret conversations with Germany in regard to this plan in December, 1930. That was last December, when our people were suffering from starvation in Arkansas. That was during the last session of Congress when we were struggling to obtain help for the victims of the great drought and the depression. While our minds were occupied with those matters, while our men were walking the streets in a vain search for employment, while the suicide total was mounting, the President of the United States secretly approached Germany and asked her if he could do anything for her in the way of getting her reparations obligations lightened. The German minister, Herr Treviranus, has stated that one of the chief intermediaries in this matter died and it seems as if that chief intermediary might have been Joseph P. Cotton, who died at Baltimore this year. Herr Treviranus has stated that Hoover's negotiations were carried on with the utmost secrecy and we may well believe it.

The Public Ledger of Philadelphia published the following dispatch on October 24, 1931:

[Public Ledger Foreign Service]

GERMAN REVEALS HOOVER'S SECRET—MINISTER SAYS PRESIDENT STUDIED MORATORIUM MONTHS BEFORE ASKING IT—SLOW PAYMENT HINTED

BERLIN, October 23.—Minister of Transportation Treviranus revealed in an address here to-night that, contrary to the general impression that President Hoover's moratorium was the result of a sudden decision, the American President was in intimate negotiations with the German Government regarding a year's debt holiday as early as December, 1930.

The President, according to Treviranus, who has long been intimate with Chancellor Bruening, did not even let his Cabinet members know what was going on. The negotiations, the German minister said, were made more difficult and the result was delayed considerably by the death of the "middle man" the first part of this year. Several of the minister's auditors recalled that the Under Secretary of State, Joseph Cotton, a personal friend and adviser of President Hoover, died about that time.

Previously it was believed that when Mr. Hoover returned from his western trip last June he learned for the first time the real seriousness of Germany's financial situation.

I might state in that connection that the hearings held by the Banking and Currency Committee a year ago last summer, when we were considering this question of the sale in the United States of commercialized German reparation loans, this same Joseph P. Cotton, now deceased, appeared before that committee and gave testimony supporting the issue and sale in this country, as did the Treasury Department, of those commercialized bonds. They were put out in this country by this same group of international bankers at 91½ and they are selling now between 25 and 30.

Mr. Cotton, not in the record, but in discussion with members of the committee, at the close of the hearings, told of his interest in Germany and the fact that he had a law firm, of which he was a member, with offices located in Berlin.

Here we have the German Minister of Communications, Herr Treviranus, telling us that Hoover did not let his Cabinet officers know what he proposed to do. He worked on his plan under the guidance and at the direction of the German international bankers and he thought he had his secret so closely guarded that the people of the United States would never be able to find out his part in the plot that was being concocted against them.

Mr. STAFFORD. Will the gentleman yield?

Mr. McFADDEN. I am sorry, but I prefer not to yield.

Mr. STAFFORD. The gentleman is making very serious charges against the President of the United States, and I was going to ask him the basis of his authority for stating that he was acting secretly with German international bankers.

Mr. McFADDEN. I think the gentleman will be satisfied by the time I finish.

The CHAIRMAN. The gentleman declines to yield.

Mr. McFADDEN. He proposed to sell us out to Germany. If he had looked about him, he would have seen on all sides the havoc that had been wrought by the exportation of American wealth to foreign countries. He could have seen mortgaged land, bare of goods, with mile-long bread lines in every city, and that havoc and that desolation and those homeless ones would have shown him that the time was ripe, that the international German bankers had got this country down, and would hold it down in the interest of Germany until it capitulated.

In January, 1931, in the city of Berlin, the Hon. Frederic Sackett, the United States ambassador, began and carried on further secret conversations with the German Government in regard to the obtaining of a moratorium for Germany. Subsequently, Sackett came to this country and looked around. He came and saw and, like a conquering hero, he went back to Berlin and told the German Government, with a diplomatic smile, that the time was auspicious. Mark that word "auspicious"! It was not auspicious for the people of the United States, but it was auspicious for Germany and it was auspicious for the German international bankers.

Now you have the facts and you can see how preposterous it was for the President of the United States to make a calculated entry before the footlights announcing his plan as if it were a sudden response on his part to a sudden emergency. You can see how preposterous it was for him to do that.

The 16th day of June was the date set by the German international bankers, the Bruening cabinet, Mr. Sackett, Mr. Hoover, and his associates, for the opening of the great financial offensive against the American people. And how did they begin it? The head of Kuhn, Loeb & Co., Otto Kahn, was in Italy in June on international financial business. The first shot was fired from Italian ground. It was in the form of propaganda—the great weapon of those who do wrong. It appeared in the form of an article in the Christian Science Monitor. I shall read it to you.

[Christian Science Monitor, June 16, 1931]

ITALY OFFERS TO EASE REICH'S HEAVY REPARATION PAYMENTS—ALTHOUGH EUROPE LOOKS TO UNITED STATES TO CUT GORDIAN KNOT OF WAR DEBTS, THIS OFFER FROM ITALIAN SOURCE ATTRACTS ATTENTION

(By radio from the Christian Science Monitor Bureau)

LONDON, June 15.—A sample of European self-help calculated, it is thought here, to make a favorable impression in the United States is a proposal of Italian origin.

The plan put forward is that those powers receiving an amount from German reparations over and above the amount necessary to discharge their debts should forego this "indemnity," thus giving Germany the necessary immediate alleviation and providing a significant gesture of moral disarmament.

The position is that, whereas Britain, on the basis of the Balfour note, only demanded from its debtors sufficient to cover its payments to the United States, France, Italy, and Belgium, and to a limited extent the smaller reparations creditors, receive payments from Germany markedly exceeding their payments stipulated by funding agreements to Britain and the United States.

Italy, for example, receives on an average \$53,425,000 annually on reparations account and has to pay to Britain approximately



\$20,000,000 and to the United States \$22,657,000, leaving a margin of \$10,750,000, equivalent to 43,000,000 marks.

A corresponding margin exists in the receipts and payments by France and Belgium, and, therefore, any such remission would supply a handsome measure of relief to Germany's burden.

On the basis of the Spa percentages, which is the system of apportionment, France receives the lion's share of reparations, roughly 52 per cent, as compared with Italy's 10 per cent, and Belgium's 8 per cent. The annual sum accruing to France amounts to \$261,625,000.

The Italian offer in a nutshell—believed to have official approval—is, that she is prepared to waive a portion of the reparations receipts if the other beneficiaries do likewise. Its policy is exactly parallel with the position taken on disarmament, namely, Italy is prepared to cut armaments to any figure if other European powers undertake a corresponding cut.

Opposition may be expected from France on the reparations as on the disarmament issue, but if The Hague settlements and the Young plan are to mean what they were designed to mean, namely, final liquidation of financial questions arising out of the World War, there is no doubt Italy has an unexceptional case.

While opinion here adheres to the notion implicit in the Balfour note, namely, that the United States alone can cut the Gordian knot of international indebtedness, it welcomes the Italian proposal and would surely support any official move in this sense.

This article is misleading. I shall come to facts and figures presently and, when I do, I will show you the contract executed by Germany in the Young law and I will show you the force of the settlement to which Germany solemnly set her hand and seal.

Now, why did Italy advertise herself at London as an international philanthropist, a canceler of debts, on June 15, 1931? She did it because she was told to do it. She did it because the German international bankers from whom she is receiving great favors at our expense in the future ordered her to do it. Mussolini is not the iron man. Otto Kahn is the metalliferous man. Mussolini is the needy man. Otto Kahn and his associates are the men who have measured Mussolini's need and who have promised to supply it if he will help them to break the contract Germany made with her creditors and which she now seeks to dishonor and to treat as a mere scrap of paper. Do you think France and her allies will permit the Young law, signed by Germany and other responsible powers, to be torn up in the German fashion of tearing up treaties and laughing at debts? France is saying no and, in doing so, is saying that it will be a bad day for Italy, for any other country, when it joins hands with Germany in breaking what France believes to be a legal contract and protests in setting at naught that international law which goes back through the treaty to the armistice.

Some people no doubt would have been better satisfied if Germany had whipped the United States and maimed another hundred thousand of our soldiers. Some of them think that the treaty of Versailles was not a good treaty. I share that view. The allied armies had a right to march to Berlin and the French could hardly have been blamed if they had set the torch to some of the German factories on the way. Instead of such a proceeding, the Allies made a treaty which embodied great concessions for Germany, all of which were predicated upon her expressed willingness to pay for the damage she had wrought. So far as the war is concerned, and the end of the war, I am satisfied to say that we sent our army to France for a purpose; that it achieved the purpose for which we sent it; and that the American cemeteries in France bear witness alike to our sacrifice and to our victory. I will also say that the present condition of this country and the Hoover proposal bear witness to the revenge that the German bankers have taken on us for the decisive part we took in the World War.

Over yonder across the river lies the Tomb of the Unknown Soldier. Hoover might almost have seen it from the window of the Lincoln study, where, with German emissaries, he planned to nullify the part our soldiers took in the World War and to set at naught the claims of our people to the money they showered upon this Government for the prosecution of the war. It seems prophetic when we remember that Lincoln wrote—and possibly in that very room—the following words:

Yes; we may congratulate ourselves that this cruel war is nearing the close, but I see in the future a crisis approaching that

unnerves me and causes me to tremble for the safety of my country. As a result of the war corporations have been enthroned, and an era of corruption in high places will follow and the money power of the country will endeavor to prolong its reign by working upon the prejudices of the people until wealth is aggregated in a few hands and the Republic is destroyed. I feel at this moment more anxiety for the safety of my country than ever before in the midst of the war.

I am concerned now with the offensive against the French and the American people and against the friendship which has for so long existed between them. I am concerned with the German offensive as it was developed by the German international bankers. Why do I call them German international bankers? I do so because I wish to emphasize the fact that international finance is almost exclusively German. Most of the international bankers are of German origin.

On the very day the propaganda from London announcing Italy's heroic pose was published in the Monitor a second article appeared in that sheet. I shall read it to you.

[Special from Monitor Bureau]

UNITED STATES RESERVES RIGHT TO RECONSIDER POLICY ON WAR DEBTS

WASHINGTON, June 15.—The United States Government has an "open mind" on foreign war debts, it was authoritatively stated at the State Department Saturday, in connection with the discussions in Europe over the possibility of downward revision of the Young plan.

It was explained that the United States Government's policy on war debts and reparations is clearly established, but that in case of a serious crisis, it would "obviously have to consider temporary changes in policy, if that was necessary."

The administration is cognizant of the seriousness of the economic situation in Germany. It is keeping in close touch with developments and is fully informed of conversations going on abroad.

Initiative for action must come from European sources, however. Andrew W. Mellon, Secretary of Treasury, and Henry L. Stimson, Secretary of State, are going abroad this month and will meet European leaders, but without any proposal. Their purpose is wholly informative, it is declared.

You will notice the statement in the article I have just read:

Initiative for action must come from European sources, however.

It will be interesting when this matter goes to trial before the Permanent Court of International Justice to find out whether Herbert Hoover was acting as a legal agent of Germany or as the President of the United States when he made his proposal. If he was the agent of Germany, then Germany violated the solemn covenant of the Young law by procuring his assistance. If he acted on his own initiative as the President of the United States, then I think he is personally liable to the people of this country in a legal way and that those who acted with him are liable also. We can not have an agent of Germany acting as President of the United States.

But the sting of this article is in the tail. It lets us know that Mellon and Stimson are "going abroad this month." They are going to meet European leaders. They are going without any proposal. Their purpose is wholly informative. Mark that word "informative." They are going to Europe to give information. Their purpose is informative. They were not going to Europe to rest.

When Secretaries Mellon and Stimson went abroad they did not travel to Europe on the same ship. Mr. Mellon was the first to depart. By a coincidence he arrived in England on the very day the Italian gesture was reported in the Christian Science Monitor. And here, having told you that the 15th of June was the appointed day upon which the President of the United States ordered the forces who were acting with him to begin the offensive, I will tell you why that day was selected. On the 15th of June France paid this country a large sum of money. Prudently and with a kind of low-class cunning, this payment was gathered in, although the document which was intended to deprive France of her rights under the Young law was fully prepared and ready for emission to the world powers. Do you think that act of cunning escaped the attention of foreign statesmen? Do you think it has increased their respect for the United States?

Mr. Mellon raced through the next few days at high pressure and somebody in London who appears to have been



interested in the dissemination of information gave news to the press that he had been invited to come to England by the British Government. This statement was vigorously denied by the private secretary to Ramsay MacDonald, who asserted that the British Government had addressed no invitation to Mr. Mellon and that it had not sent a communication to the Government at Washington to invite it to discuss revision of war debts, or any other question.

Nevertheless, Mr. Mellon, upon his arrival in England, lost no time in entering into a secret conversation with Mr. Ramsay MacDonald and with Montagu Norman, the governor of the Bank of England.

It is a little strange that Mr. Montagu Norman should have been there. As Henry de Jouvenel says, in speaking of this interview:

Among the personalities present there was one not generally invited to conferences between prime ministers and foreign statesmen. This was the governor of the Bank of England.

You all know who Montagu Norman is and how closely he is linked with certain sinister figures in the banking world. You know that he comes here occasionally and that he transacts secret business with the Federal Reserve Board and the Federal Reserve Bank of New York. You know that he was suddenly taken ill when the old Tories in England found out what had been happening there and formed a national government and gave up the gold standard. You may remember that without allowing his name to appear on the passenger list Mr. Montagu Norman took ship for Canada and did not return to England until the storm blew over. I presume you know that the Federal Reserve Board and the Federal reserve banks are the agents of the Bank of England and that of late years Mr. Montagu Norman has had a great deal to do with George L. Harrison, governor of the Federal Reserve Bank of New York. Mr. Montagu Norman did not come down to New York from Canada during his last visit to this continent. Instead of that, Governor Harrison went up to Canada to see him.

Let us leave Mr. Mellon in London for a while and return to Washington sweltering in the heat.

It is the 16th of June. The President of the United States is spending the summer in Washington. He has been hard at work with Henry M. Robinson, who is the Colonel House of this administration, and, like Colonel House, a secret emissary of Kuhn, Loeb & Co., Paul Warburg, and other German international bankers. Robinson's ostensible business is in California, but his real business is here, where he can see the President of the United States every day. Sometimes he goes to the Rapidan. Sometimes he spends several days at the White House. He passes for a Californian friend of President Hoover. I will tell you whose friend he is. He is the bosom friend and intimate of Paul M. Warburg, the man who engineered the great depression, the man who is the chief beneficiary of the losses sustained by the farmers and the wage earners of this country, the man who has stuffed this country full of worthless German acceptances, so that Germany might use them against us to trick us into breaking an international law in her behalf. More of Paul Warburg hereafter. For the present let us keep our eyes on Henry M. Robinson, the Colonel House of the present administration.

It is the 16th of June and the Monitor has published its little story about the generous Italians.

It is the 16th of June and here comes an Associated Press dispatch reading as follows:

[Washington Post, June 16, 1931]

Always holding reparations and war-debt payments as distinctly separate, the Treasury yesterday made known that recent events in Europe had caused no change in its attitude.

What recent events had caused no change in the Treasury's attitude? There had been no recent events in Europe which could have caused a change in the Treasury's attitude. This article further makes known that, speculation having been aroused by Mr. Mellon's departure for Europe and by Mr. Stimson's prospective European trip, Mr. Mills, of the Treasury, and Mr. Castle, of the State Department, gave assurances that no official business was involved.

I am loath to accuse any man of toying with the truth, but candor compels me to say that, in my opinion, the assurances so given by Mr. Mills and Mr. Castle were intended to deceive the American people. Can we afford to trust our governmental business to men who lend themselves to this kind of deception?

This is a free country with what is supposed to be a free press. Whence came this custom of deceiving the people with carefully prepared misleading statements, artfully contrived releases, and all the other devices of overlordship looking down from a high place with contempt for the wage earner, the farmer, and the man of little or no property?

It is the night of the 16th of June in Washington. The President of the United States is out of town. That, too, was foreseen and provided for. It was a kind of alibi intended to make it easy for him to pretend that a certain crisis had come about in his absence. Now, comes the 17th of June and on that day, as if without knowledge of what was about to happen at Washington, the German ambassador to France goes to the French Minister of Foreign Affairs and to the French Minister of Finances and says that the German Government will soon be obliged to ask for a moratorium. This was a calculated move and Mr. Sackett was fully aware of it. It was done for the purpose of working on French nerves, to try to frighten and unsettle the French so that they might be startled out of their customary caution when they received the communication that the President proposed to make to them and upon which he had been hard at work with Bruening and Sackett and the Warburgs through their emissaries for so many months.

On the 18th of June the President returned to Washington from the tomb of our late President Harding, where he had just descanted upon the infamy of anyone who betrayed the trust of the people in money matters. I call your attention to his words:

#### "BETRAYAL" IS CASTIGATED

There are disloyalties and there are crimes which shock our sensibilities, which may bring suffering upon those who are touched by their immediate results. But there is no disloyalty and no crime in all the category of human weaknesses which compares with the failure of probity in the conduct of public trust.

Monetary loss, or even the shock to moral sensibilities, is perhaps a passing thing, but the breaking down of the faith of a people in the honesty of their government and in the integrity of their institutions, the lowering of respect for the standards of honor which prevail in high places, are crimes for which punishment can never atone.

On the following day, as a part of this conspiracy, the Secretary of State, Mr. Stimson, sent for the French ambassador, Mr. Paul Claudel, and told him what the President was going to do. This, we understand, was about one hour before President Hoover gave out his statement to the newspapers.

Was this fair to the French ambassador when we know that the President had been working on this plan since the previous December, that is, December, 1930? And the plan he gives out is the one that was disclosed to William R. Hearst by an international banker several months before; that it is the same plan that was divulged here in secret to the Senators in the late summer of 1930. It is the same secret plan that the German Minister of Communications referred to in his statement which I have read to you. It was the international German bankers' plan for having the burden of reparations removed from her triumphant march toward world domination. Germany has already surpassed the United States in trade activity. She has had a favorable balance of trade every month so far this year. That can not be said of us who are asked to break the law of nations for her benefit. But the next time Mr. Hoover talked to France he had to talk on a different key. When baffled and humiliated he had to prostrate himself at the feet of Premier Laval and ask him to leave the balances of France in New York because the Federal Reserve Board and the Federal reserve banks and the international bankers and the New York bankers were headed for trouble through the loss of gold to the extent of \$1,800,000,000, and perhaps more. It was then that the President of the United States did not



appeal to the German international bankers who were then engaged in speculation in international exchanges, but it was then that he did appeal to the French Premier, Laval, to save him and his country from the sequences of his folly—the effects of the Hoover moratorium.

One hardly knows which is worse, the revolting dishonesty or the shocking bad taste. Do you wonder that his announcement of his plan created a sensation in France? As one of the French editors politely said:

The declaration of President Hoover is the most disconcerting impromptu diplomatic document imaginable. Leaving aside all sentimental considerations, it must be admitted that this rough brick hurled at Europe runs a strong risk of upsetting the whole edifice so laboriously erected by experts and governments for the parallel settlement of reparations and war debts. The American document was transmitted to our ambassador at Washington at the very time it was being made public like a simple harangue at a campaign rally.

After President Hoover had so unceremoniously informed Ambassador Claudel that he was at the moment giving out his plan, he is said to have telegraphed to Hindenburg, the President of Germany, begging him to telegraph him with the utmost haste a German request for a moratorium. We shall hear more of Hindenburg's telegram later on.

Simultaneously with this move on the part of their agent, Hoover, the German international bankers and others who followed their lead bought heavily in the stock exchanges and this buying caused stocks to rise in price. As the editor above mentioned expressed it—

A dose of very uncommon simplicity would be needed to cause one to believe that the Anglo-German American banks, which had been preadvised of the arrangements made at Washington, did not seize the opportunity to start a financial maneuver to take place on all the world financial markets in order to give a consecration of fact to the policy of the President, obliged to reckon with the susceptibilities of the American Congress.

At this point I wish to insert in the CONGRESSIONAL RECORD a copy of the French reply to Hoover's proposal.

The CHAIRMAN. The gentleman from Pennsylvania asks unanimous consent to extend his remarks as indicated. Is there objection?

There was no objection.

Mr. McFADDEN (reading):

First. Repayment to France and other creditor nations within five years by Germany of the credits to be extended to the German economic system through the Bank for International Settlements. The original idea of the French Government had been to ask for the repayment within two years.

Second. Should Germany within five years enforce the moratorium as provided for under the Young plan, the guarantee fund which is provided for by the Young plan would not be paid out by France, but would be built up by making use of the untransferred unconditional annuity.

Third. Allocation of part of the credits created upon the basis of the untransferred, unconditional annuity to such European States as Yugoslavia and Greece, which might be stripped financially, owing to the suspension of payments of all intergovernmental debts, the net loss of Yugoslavia being about \$16,000,000 and of Greece £700,000.

[Here the gavel fell.]

Mr. GREENWOOD. Mr. Chairman, I yield the gentleman 15 additional minutes.

Mr. STAFFORD. Will the gentleman yield?

Mr. McFADDEN. I am sorry, but I have a connected statement which I want to complete. I would like to yield, but my time is limited.

Mr. STAFFORD. I see there is no trouble about the gentleman securing additional time, and I thought perhaps the gentleman would yield.

Mr. McFADDEN. If the gentleman will yield me more time to complete my address, I will then be only too glad to yield to the gentleman.

You will notice that the French in this reply expressly refused to give priority to private obligations. The bankers had endeavored to obtain this concession. President Hoover had tried to have the service on private obligations maintained. He wished to have the service on the Kreuger & Toll Swedish loan kept up. (Kreuger & Toll and the Swedish Match Trust are a Warburg outfit, but this is another

chapter.) This the French refused to allow, and I call your attention to their statement that—

A formal assimilation has been established between the private debts of the Reich (Young loan and Kreuger loan) and the unconditional annuities not yet mobilized. To suspend the payment by Germany of the unconditional annuity while admitting that the Young loan placed with the public should continue to be served would go directly against a fundamental principle and express stipulations.

The Government considers, therefore, that a moral interest of the first order attaches to the fact that, even during the delay provided for by President Hoover, the payment of the unconditional annuity should not be in any way postponed.

The Germans do not wish to pay reparations. Nobody likes to pay a bill for damages.

The whole world knows what the Germans did in France. There are districts in France which will never be as they were before. I believe that the mass of the German people were willing to pay their indemnity as France paid her indemnity after the Franco-Prussian War, but something happened to Germany which prevented the full and free execution of her obligations. I will tell you what it was. After the World War Germany fell into the hands of German international bankers. Those bankers bought her and they now own her, lock, stock, and barrel. They have purchased her industries, they have mortgages on her soil, they control her production, they control all of her public utilities. There is no country in the world to-day of which the inhabitants are so enslaved as are the Germans.

The international German bankers have subsidized the present Government of Germany and they have also supplied every dollar of the money that Adolf Hitler has used in his lavish campaign to build up a threat to the government headed by Bruening. When Bruening fails to obey the orders of the German international bankers, Hitler is brought forth to scare the Germans into submission. The German international bankers have worked up great resentment in Germany, and their hired agents have prompted the Germans to unite in order to free themselves from their war obligations. But resentment, the bankers knew, was not enough. They had to put a weapon into the hands of Germany which could be used against the society of nations in general and against the United States in particular. They conceived the idea of robbing us by stealth, by fraud, and by trickery, and they have succeeded. Through the Federal Reserve Board and the Federal reserve banks over thirty billions of American money over and above the German bonds that have been sold here has been pumped into Germany. When these Federal reserve loans began, Germany used to repay them. She established herself as a fairly good risk. Then her borrowings became larger and larger. You have all heard of the spending that has taken place in Germany. You have heard of her new modernistic dwelling houses, her great planetariums, her gymnasiums, her swimming pools, her fine public highways, her perfect factories. All this was done on our money. All this was given to Germany through the Federal Reserve Board and the Federal reserve banks, and, what is worse, Federal reserve notes were issued for it.

A Federal reserve note is an obligation of the United States, and here you have a banking system which has financed Germany from start to finish with the Federal reserve notes and has unlawfully taken from the Government and the people of the United States. The Federal Reserve Board and the Federal reserve banks have pumped so many billions of dollars into Germany that they dare not name the total. I have repeatedly asked the Federal Reserve Board to send me a list of the acceptance credits granted by the accepting banks of this country by and with the consent of the Federal Reserve Board, and they have not. They can not and they dare not divulge the total. This is the Congress of the United States, but you have no information concerning the amount of Federal reserve currency that has been issued for the benefit of Germany on trade bills or acceptances. How, then, do you propose to proceed? Are you going to throw away our resources under the debt settlements we have with foreign nations in order to help Ger-



many do that which is forbidden in the Constitution of the United States? Are you going to make this Government a defendant in a million suits for damages brought on American citizens, whose property you propose to throw away?

Do you know that Germany has been lending our money to Soviet Russia as fast as she could get it out of this country from the Federal Reserve Board and banks? Do you know that she is the author of the 5-year plan; that she has armed and supplied Soviet Russia with our money? Do you know that Germany and Soviet Russia are one in military and industrial matters? Do you know that Germany is well armed and that we paid for her rifles and uniforms, her commercial trucks which can be converted for military uses inside of 24 hours? She leads the world in aviation. Why not, when the Federal Reserve Board and the Federal reserve banks have been secretly financing her for years. I challenge the Federal Reserve Board and the Federal reserve banks to come in here and submit to an examination and an audit of their accounts. Do you know that the Federal Reserve Board and Federal reserve banks have also been financing Soviet Russia and that Russia owes her an immense sum, of which \$150,000,000 is due by January 1, 1932, and that Russia has no money wherewith to pay it and will presumably be unable to pay it?

There are 9,000 German officers in the Russian Army. The Krupps are manufacturing war munitions in Moscow, and the manufacture is going on day and night. Thousands of armored trucks and tractors, currently used in Germany for commercial purposes, are convertible into war tanks within 60 hours. But the most important activities are in the fields of aviation and chemistry. The Germans and Russians are working unremittently on war gas and war flame in soviet-owned laboratories.

In addition to their debt to us, Soviet Russia has borrowed 535,000,000 reichsmarks from Germany, and that was our money, too. For the first nine months of this year Russian orders to German manufacturers amounted to 851,000,000 reichsmarks more than the entire amount Germany is legally bound to pay to France. These Russian orders, which, roughly speaking, amount to about \$202,620,000, were for general machinery, tool machines, and electrical supplies. Do you not think that Germany is doing a handsome business on the free paper Federal reserve notes unlawfully given from this Government for her benefit?

You have been informed that there is an alternative before the United States—that Germany will pay her commercial obligations if we effect her release from the payment of reparations. I say that Germany will not pay her commercial obligations. I say that the Federal reserve banks have purchased and rediscounted false, worthless, fictitious, and uncollectible acceptances drawn in Germany, and that those false papers are in the vaults of the Federal reserve banks, in the vaults of the designated depositories as security for money taken from the citizens of this country by taxation, and in other banks, and I say that they are worthless. It is a mere figure of speech to call them frozen assets. They are dead losses. The Government's money in the designated depositories is gone, leaving nothing but this worthless paper behind it. The Hoover proposal has already cost us \$1,500,000,000 in gold credit. How much more are we going to throw away? For my part, I say, "Not one cent." "Millions for defense, but not one cent for tribute."

We were called to the White House on October 6, and the President told us we were facing a national emergency. What was the emergency? It was a condition brought about by Herbert Hoover himself when he agreed to put this scheme across for the benefit of the international German bankers who control this country through the Federal Reserve Board and the Federal reserve banks.

Last year there was some inquiry into the Federal Reserve Board and banks, and George L. Harrison, governor of the New York Federal Reserve Bank, was asked to state the amount of acceptances purchased by the Federal reserve banks in foreign countries. He was unwilling to answer in public. He was permitted to answer in secret. Why was that? It was because the Federal Reserve Board and banks are the duly appointed agents of the foreign central banks

of issue and they are more concerned with their foreign customers than they are with the people of the United States. The only thing that is American about the Federal Reserve Board and banks is the money they use. The money is American but the contacts are European.

Who gave the Federal Reserve Board and banks the right to permit the German international bankers to loot this country and to take everything we had away from us? I say we will have an audit of these accounts and every Federal reserve bank and every director will be held liable for his acts in so far as he has been responsible for the exportation of American wealth to other countries and for the redistribution of wealth which has taken place in this country.

Do you think the stock-market collapse was accidental or, as some wiseacres say, that the American people changed their minds overnight? It was not accidental. It was a carefully contrived occurrence, and it was a part of this same Hoover moratorium which was the first move of the drive to cancel debts. The international bankers sought to bring about a condition of financial despair and anarchy here so that they might emerge as the rulers of us all, and the next step they hope to take with Hoover's assistance is the establishment of a new kind of war finance corporation under the control of the notorious short seller, Bernard Baruch, or another of the same stripe. Then you will see fascism here instead of the Constitution of the United States; then you will see a dictator controlling industry and production as we now have a dictatorship controlling money and credit. Do you want that to happen? No? Then you had better watch the manner in which you are being led by Mr. Hoover with his explanations as to where his leadership is taking you and the other people of this country.

[Here the gavel fell.]

Mr. GREENWOOD. Mr. Chairman, I yield to the gentleman 15 additional minutes.

Mr. McFADDEN. I thank the gentleman.

Now, let us consider the Young law, which this moratorium will break for the benefit of Germany. After the war came the treaty of Versailles. Whether it was good or bad is beside the point. It was Germany who asked for an armistice. It was Germany who was defeated. The treaty is what saved Germany. But was Germany completely honorable in her observance of that treaty? She was not. The world reechoed to her lamentations. Her propaganda kept up its work. When the Germans depreciated their currency they wiped out their internal debt. The losses in this country were enormous. So, too, were the losses in France.

At the present time the public debt of Germany is the least of the debts of the large European countries. By manipulation of her currency Germany freed herself of her internal debt. This is less than the other nations have to pay on their public debts. The other nations have already paid the internal public debt of Germany when they had their holdings of German currency wiped out by the manipulations of German bankers.

If Germany had sustained the burden of her own debt, as the Allies have done, and not obliterated it by inflation she would have had to raise 4,500,000,000 to 5,000,000,000 per annum in addition to her domestic expenditure. This would make it both just and practicable to add a provision in her budget which should bear some correspondence to the provision made in the Allies' budgets for their war expenditure.

Let us now consider the payments which are lawfully due from Germany under the Young law. Under this law Germany is required at the present time to pay a yearly annuity of 1,685,000,000 reichsmarks; of this amount France receives about half, or exactly 838,400,000 reichsmarks. This amount so payable to France divides into two classes: First, there is the conditional annual payment which amounts to 338,400,000 reichsmarks; secondly, there is the unconditional annual payment which amounts to 500,000,000 reichsmarks. The unconditional sum is subject to a heavy deduction for service of the amount already mobilized—Young bonds, and so forth. That amount is 44,500,000 reichsmarks. This leaves the unconditional amount for France at 455,500,000 only. Now, of this sum France has to take 80,000,000 reichsmarks



and add it to the conditional amount in order to meet her payments to England and the United States. That leaves her an unconditional sum of 375,000,000 reichsmarks.

France receives no punitive damages under the Young law. The unconditional payments represent for France less than half of the interest on the sum she has had to expend for the reconstruction of the devastated regions. It seems not unreasonable, therefore, for the French to say that no arbitrator and no court of international justice would tolerate such an indignity as the suppression or cancellation of these unconditional payments which are lawfully due to her. At this point I wish to insert in the RECORD a copy of Annex I of the Young plan.

## ANNEX I

Exchange of declaration between the Belgian, British, French, Italian, and Japanese Governments on the one hand, and the German Government on the other.

The representatives of the Belgian, British, French, Italian, and Japanese Governments make the following declaration:

The new plan rests on the principle that the complete and final settlement of the reparation question is of common interest to all the countries which this question concerns, and that the plan requires the collaboration of all these countries. Without mutual good will and confidence the object of the plan would not be attained.

It is in this sense that the creditor Governments have, in The Hague agreement of January, 1930, accepted the solemn undertaking of the German Government to pay the annuities fixed in accordance with the provisions of the new plan as the guaranty for the fulfillment of the German Government's obligations. The creditor Governments are convinced that, even if the execution of the new plan should give rise to differences of opinion or difficulties, the procedures provided for by the plan itself would be sufficient to resolve them.

It is for this reason that The Hague agreement of January, 1930, provides that under the régime of the new plan the powers of the creditor powers shall be determined by the provisions of the plan.

There remains, however, a hypothesis outside the scope of the agreements signed to-day. The creditor governments are forced to consider it without thereby wishing to cast doubt on the intentions of the German Government. They regard it as indispensable to take account of the possibility that in the future a German government, in violation of the solemn obligation contained in The Hague agreement of January, 1930, might commit itself to actions revealing its determination to destroy the new plan.

It is the duty of the creditor governments to declare to the German Government that if such a case arose, imperiling the foundations of their common work, a new situation would be created in regard to which the creditor governments must, from the outset, formulate all the reservations to which they are rightfully entitled.

However, even on this extreme hypothesis, the creditor governments, in the interests of general peace, are prepared, before taking any action, to appeal to an international jurisdiction of incontestable authority to establish and appreciate the facts. The creditor power or powers which might regard themselves as concerned would therefore submit to the Permanent Court of International Justice the question whether the German Government had committed acts revealing its determination to destroy the new plan.

Germany should forthwith declare that, in the event of an affirmative decision by the court, she acknowledges that it is legitimate that in order to insure the fulfillment of the obligations of the debtor power resulting from the new plan, the creditor power or powers should resume their full liberty of action.

The creditor governments are convinced that such a hypothetical situation will never in fact arise, and they feel assured that the German Government shares this conviction. But they consider that they are bound in loyalty and by their duty to their respective countries to make the above declaration in case this hypothetical situation should arise.

The representatives of the German Government, on their side, make the following declaration:

The German Government takes note of the above declaration of the creditor governments whereby even if the execution of the new plan should give rise to differences of opinion or difficulties in regard to the fulfillment of the new plan, the procedures provided for in the plan would be sufficient to resolve them.

The German Government takes note accordingly that under the régime of the new plan the powers of the creditor powers will be determined in accordance with the provisions of the plan.

As regards the second part of the declaration and the hypothesis formulated in this declaration, the German Government regrets that such an eventuality, which for its part it regards as impossible, should be contemplated.

Nevertheless, if one or more of the creditor powers refer to the Permanent Court of International Justice the question whether acts originating with the German Government reveal its determination to destroy the new plan, the German Government, in agreement with the creditor governments, accepts the proposal that the Permanent Court should decide the question, and declares that it acknowledges that it is legitimate, in the event

of an affirmative decision by the court, that in order to insure the fulfillment of the financial obligations of the debtor power resulting from the new plan the creditor power or powers should resume their full liberty of action.

The French, German, and English texts of the present annex are equally authoritative.

CURTIS.  
WIRTH.  
SCHMIDT.  
MOLDENHAUER.  
HENRY JASPAR.  
PAUL HYMAN.  
E. FRANCOIS.  
PHILIP SNOWDEN.

HENRY CHERON.  
LOUCHEUR.  
A. MOSCONI.  
A. PIRELLI.  
SUVOICH.  
ADATCI.  
K. HIROTA.

As you see, under the Young law, the French, acting singly or with others of the following powers—that is, British, Belgian, Italian, Japanese—can appeal to the Permanent Court of International Justice, where, upon a showing that Germany had committed itself to actions revealing its determination to destroy the Young plan, the French and other nations would, by a decree in their favor, have full liberty of action restored to them. Of course, Germany was guilty of those actions by using the President of the United States as an agent instead of acting for herself, according to the procedure laid down in the Young law, which procedure was binding upon her. After the visit of Premier Laval to this country President Hoover agreed that whatever is done must take place within the structure and provisions of the Young law, consequently there is no use in hoping for the Hoover moratorium now. It is a dead letter. It will do nobody any good and it will do the United States a great deal of harm.

In discussing this matter in the French Parliament, Premier Laval said:

But, given the nature of the engagements, freely accepted and quite recently subscribed to, of the Young plan, the solemnity with which the definitive and unalterable character of the unconditional annuities by which the necessary permanence of the principle of reparations is expressed was recognized, there would be great risk of upsetting confidence in the value of signatures and of contracts and thus to go against the end aimed at if, in the proposed suspension of payments, the unalterable annuity were treated like the conditional annuity.

The CHAIRMAN. The gentleman from Pennsylvania has consumed one hour.

Mr. GREENWOOD. Mr. Chairman, I can not yield additional time, but I would like to yield the gentleman one minute to ask a question.

Mr. McFADDEN. Before I do that, may I have the privilege of inserting these four additional pages in the RECORD to complete the statement I am making? I would also like to insert in the RECORD some extracts from the debates in the French House of Deputies covering this same subject.

Mr. PURNELL. Is the gentleman asking unanimous consent to do that?

Mr. GREENWOOD. No; I did not ask unanimous consent.

Mr. PURNELL. The gentleman is obliged to have unanimous consent, because under the rules of the House he is only entitled to one hour.

Mr. GREENWOOD. I ask unanimous consent that the gentleman's time may be extended one minute so that I may ask a question.

The CHAIRMAN. Without objection, it is so ordered.

Mr. O'CONNOR. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. O'CONNOR. The gentleman from Pennsylvania has been referring to a lot of papers here, and he has been asking himself or somebody in the front row whether or not he might insert them in the RECORD, and so far he has not asked the Chair or addressed the Chair for unanimous consent.

The CHAIRMAN. The Chair understands that. The Chair has propounded the question as to whether or not there is objection to an extension of his time one minute. [After a pause.] The Chair hears no objection. The gentleman is recognized for one additional minute.

Mr. BLANTON. How about the gentleman's request to insert these documents?



The CHAIRMAN. No such request has come to the Chair. A request for unanimous consent has come to the Chair from the gentleman from Indiana and that request has been placed before the committee and no objection has been offered. So the gentleman is recognized for one additional minute by the unanimous consent of the House.

Mr. McFADDEN. Mr. Chairman, I ask unanimous consent to extend in the RECORD the matters I have just referred to.

The CHAIRMAN. Without objection, it is so ordered.

Mr. COOPER of Ohio. Mr. Chairman, I do not believe anyone had a chance to object to the unanimous consent request. The Chair passed upon it so quickly, that no one had a chance.

The CHAIRMAN. Did the gentleman from Ohio desire to object?

Mr. COOPER of Ohio. I do.

The CHAIRMAN. Objection is heard to the request.

Mr. BOYLAN. Mr. Chairman, I make the point of order the Chair had already decided that the gentleman was permitted to insert the matter referred to.

Mr. GREENWOOD. Did I understand the ruling of the Chair to be that there was objection?

The CHAIRMAN. There was objection to the extension of the gentleman's remarks.

Mr. BOYLAN. But the Chair had decided there was no objection. I think the RECORD will show that.

The CHAIRMAN. The Chair stated with respect to the proposal that, without objection, it was so ordered. The gentleman from Ohio immediately proceeded to object.

Mr. BOYLAN. I understood the Chair to make its decision before the gentleman objected, and I think the RECORD will show that proceeding.

The CHAIRMAN. The Chair stated the proposition and said that without objection the application would be granted, and objection was then made.

Mr. GARRETT. Mr. Chairman, I make the point of order that the gentleman from Pennsylvania in the course of his remarks at intervals expressed a desire to enter as a part of his remarks certain documents that the gentleman referred to. The Chair, in response to the gentleman from Pennsylvania, stated that, without objection, it would be so ordered. At that time and as to those documents unanimous consent was granted. The gentleman from Ohio [Mr. COOPER] makes his objection at the end of the gentleman's speech, when he has asked unanimous consent to revise his remarks. He can not, by that objection, strike out of the gentleman's remarks the documents that he had put in by unanimous consent.

The CHAIRMAN. Obviously, the last objection will not vitiate the unanimous consent heretofore granted to the gentleman from Pennsylvania.

Mr. BOYLAN. That is the very point I was making.

Mr. GREENWOOD. I understood the objection of the gentleman from Ohio [Mr. COOPER] to be to my unanimous-consent request and not to the request of the gentleman to insert certain documents in his speech.

Mr. COOPER of Ohio. If the gentleman will permit, my objection was to the unanimous-consent request of the gentleman to extend the time of the gentleman from Pennsylvania one minute.

The CHAIRMAN. And there was no objection to the gentleman inserting any documents in his speech?

Mr. COOPER of Ohio. I do not know that that question has been put by the Chair.

The CHAIRMAN. The Chair will then submit the request of the gentleman from Pennsylvania. The gentleman from Pennsylvania asks unanimous consent to extend and revise his remarks in the manner indicated. Is there objection?

Mr. O'CONNOR. Mr. Chairman, reserving the right to object—

Mr. COOPER of Ohio. I object, Mr. Chairman.

Mr. O'CONNOR. Will the gentleman withhold his objection a moment?

Mr. COOPER of Ohio. I will, for a moment, yes.

Mr. O'CONNOR. Mr. Chairman, I seek this opportunity to call the attention of the Republican side of this House to the most extraordinary occurrence in this body to-day. If what the distinguished gentleman from Pennsylvania [Mr. McFADDEN] says about the "dishonesty" and the alleged treason of his President—and my President—be true, he has here to-day, on this floor, impeached the President of the United States, and articles of impeachment seem inevitable. [Applause.] These most serious charges against the Chief Executive are not made from any unimportant or irresponsible source. They are deliberately and vehemently uttered by one—a Republican—from the last-remaining citadel of the "party fit to rule"—Pennsylvania—and mark you! by one who for 10 years has been the chairman of the all-powerful Committee on Banking and Currency of the House of Representatives, the official mouthpiece of Presidents Harding, Coolidge, and Hoover on all banking questions, domestic and international. The "gods" have spoken! Hear them, ye! Oh, I sincerely hope that some Republicans will rise in their places to the defense of the President, because, Mr. Chairman, if they do not, mayhap, I shall do it. [Applause.]

Mrs. KAHN. Mr. Chairman, I rise to a point of order. There are demonstrations coming from the galleries.

The CHAIRMAN. The Chair will admonish the occupants of the gallery to refrain from expressions of approval or disapproval of what may be said or done on the floor of this chamber.

Mr. PURNELL. Mr. Chairman, I yield 20 minutes to the gentleman from Illinois [Mr. CHIPERFIELD].

Mr. CHIPERFIELD. Mr. Chairman and ladies and gentlemen of the committee, I had asked for time in order that I might present some thoughts to the House on a subject that I considered timely. But after the very tragic and remarkable address that has just been delivered to this committee of the House of Representatives, it occurs to me that no business is in order until either the brand of falsehood is put upon the extraordinary statements contained therein or the President of the United States be properly called to justice. [Applause.]

Such charges, Mr. Chairman, unless we have lost all of our sense of decency and honor, can not go unchallenged in this House. To attempt to treat them lightly or to gloss them over or lay them aside involves the honor of the United States and impeaches our own integrity. Of this there can be no doubt or question in the mind of any honorable person.

I have nothing but a kindly regard for the gentleman from Pennsylvania who has just left the floor. He has been my friend since I first came, for a short term, to the Congress of the United States nearly 15 years ago. However, it is not a question of friendship or lack of friendship to-day. There seems to run through my mind in connection with the speech of the gentleman from Pennsylvania that verse of rebuke, "How sharper than a serpent's tooth is an ungrateful child," and that applies, it seems to me, whether the lurid statement be true or untrue, in view of the many honors conferred upon the gentleman by this side of the House. [Applause.]

Now, Mr. Chairman, I want to speak of the situation presented by his address for a little while. A part of it is known to me personally. I do not pretend to say that I have intimate knowledge concerning the entire field traversed by the gentleman from Pennsylvania. But some of these things I do know. I regret that we are not more fully aware at this time how much of what he said was quotation from various sources and how much was his own statement.

I also know the law that applies to the situation, "That he who repeats a slander is equally guilty with him who conceived it." Yes; frequently under the law one who repeats a slanderous statement is more guilty than the originator of the slander.

I went into Germany with the army of occupation, and for many months I had charge of the civil affairs across the Rhine in the area we occupied, where I had an excellent



opportunity to see and observe the conditions of these conquered people and their country.

I hold no brief for Germany. I have not abated the feeling that I had when I followed the flag during the war. I hold no brief for the President of the United States, but I want to defend the office of the Chief Executive of this Nation from the horrible and, in my opinion, unfounded, charge that has been made so unfortunately in this House this day against our President.

When we went into Germany shortly after the armistice I saw the people of that area, and I know the condition in which we found them. I know that a large part of the people of Germany were distressed, broken, and starving. I know that all of the meats and fats and things that were necessary to properly sustain life were gone. I need no man's information or story about that, because I know it myself from what I saw. I saw the little children of Germany with their arms and legs misshapen, looking as though they had been broken, because of malnutrition and the lack of proper food.

I did not know at the time what it was that caused this condition until it was explained that it was starvation. I think I have never seen a finer sight than these little ones coming to the mess of the American troops and securing food, or of some big doughboy walking down the street hand in hand with some of these hungry little children, feeding them a part of his rations as they walked along.

It is said that 800,000, mostly the old and the young, died in Germany from the lack of proper foods during the war.

Germany was exhausted financially and practically ruined at that time, as any man must know, if he will but think, and the only source from which Germany has since paid any considerable part of its indemnity or reparation to the United States or other nations is from borrowed money. She has been clever enough to borrow enough money from other countries to declare a dividend on what she owes. I am not defending this part of it. I merely call attention to the situation.

I do not know who inspired or wrote the speech delivered by the gentleman from Pennsylvania [Mr. McFADDEN], but I hold in my hand a copy of the Washington Star of last evening—I am not sure about the date—in which appears an article by Adolph Hitler. In this article Mr. Hitler, so the heading says, "diagnoses the situation." Let me read you an extract therefrom showing a very comfortable and friendly feeling on the part of Hitler toward the gentleman who has just addressed the House.

This is Mr. Hitler's purported language as quoted by this newspaper:

As a matter of fact the United States has already started to exercise an opinion of the present situation. I refer to the statement—

Then he named a gentleman in the other Chamber whom by the rules of this House I am forbidden to name—

and Representative LOUIS T. McFADDEN.

That is the language of Adolph Hitler, when he comments upon the fact that the people of the United States are awaking. I know just as much about the situation in Germany from visits that I have made there since as does the gentleman who has addressed you. I know very well that his statement is unfounded, to speak as kindly as I can, trying to keep within parliamentary language, that the international bankers are financing Hitler. They have nothing in common with Hitler.

Mr. McFADDEN. Mr. Chairman, will the gentleman yield?

Mr. CHIPERFIELD. Yes.

Mr. McFADDEN. I did not say that the international bankers were financing Hitler. I said that German industrialists were financing him.

Mr. CHIPERFIELD. I would not willingly misquote the gentleman, and if that is the way he wants his remarks to stand, I withdraw mine. I would not do the gentleman an unkindness or injustice, or any other Member of the House, consciously. Does the gentleman mean by the industrialists those who work or those who conduct the factories?

Mr. McFADDEN. I mean German industry as it is organized to-day.

Mr. CHIPERFIELD. Be specific.

Mr. McFADDEN. It is a question of what I said.

Mr. CHIPERFIELD. All right. Every gentleman can construe the matter for himself. I say that the statement that any substantial and responsible members of organized society in Germany are financing Adolph Hitler has no basis in fact whatsoever. [Applause on the Republican side.] In my judgment, it is not warranted, and, inoffensively speaking, I say it is not true. Let me tell you what will happen.

The gentleman declared that the international bankers would take control of Germany, or that Hitler would. I say to you that it will not be the international bankers who will take control of Germany, but that before spring comes it will be Hitler who will take over Germany, to the confusion of all the world, if the financial fabric of Germany breaks down. There is no doubt about that in my mind. Some gentlemen say, what do we care if that is so? Is there any man within the sound of my voice who is so unconcerned that he can quietly ask that question?

The gentleman was right in one respect, and I am in entire accord with him when he makes the statement that fraudulently, yes, wickedly, there have been placed in circulation for sale, and negotiated in this land, untold millions of German and other foreign bonds, bonds that no government ought to have permitted to be sold here; but I may also say, as long as we are on the subject, for I want to keep to the same line of thought, that these German and other foreign bonds are no worse than many of the mortgage bonds and securities of Stone & Co. and Straus & Co., Foreman & Co., and other bonds that have been sold in vast quantities in this country to the guardians and administrators and the small investors of the land, and thereby making difficult the financial situation of hundreds of thousands of our citizens.

But we have to address ourselves to this situation. Will you pardon me if again I say, and I say it most modestly, I am not a financier. I do happen to be the president of a bank. I do not profess to know much about banking, but I want to tell you that everyone will know what I am saying is true. We are past the period in this country where lack of confidence is taking the money from the tills and vaults of the banks. The banks that remain and are doing business are mostly the sound banks of the country, but there is a situation with reference to them that is startling. Do you know that the bonds and securities that constitute the liquid assets of banks are going down day by day, until there is danger to the banks of the country that comes from a depletion of the value of their assets, and which, apparently, no man is able to stop? Many of you know my statement is true. Let me make this remark to you, and I bespeak from you its serious consideration.

If these German and other foreign securities are to be still further reduced in value, until they are virtually worthless on the market, it is going to break the price of every security in every bank in the United States, and ruin or loss will come in many cases to the innocent depositor who has his money in many such institutions. You might as well squarely face that situation.

I do not want to say anything more about that at this time, as I want to get back to the main subject. As a lawyer, I think I can understand the counts of an indictment.

One of the counts in this indictment presented by the statements of the gentleman from Pennsylvania, is that the President of the United States has entered into direct negotiations with Germany and German interests, for the purpose of selling out the Government of the United States.

Let me use even stronger language than the gentleman did. If this was done by the President of the United States, he was a traitor to the American people. This is no time to mince matters. This is the time and place to speak plainly.

The gentleman also said that the President was the agent of the financial interests who were serving Germany, and which are opposed to the United States.

I do not care whether he said it by way of quotation or whether he said it as a direct charge.



He declared that there was an agency existing between the President of the United States and interest adverse to the United States. That is, the President was the agent of German financial interests. Very well. Let us follow it a step farther. An agent for every purpose within the scope of his authority is a principal, and the statement puts the President within the same category as a principal would be placed, as wickedly adverse to the United States.

I denounce all these statements as false and untrue, without offense to the gentleman; I denounce as false and untrue any statement that the President of the United States has negotiated directly with German financial interests. I denounce the statement that the President is the agent of any German financial interest which is adverse to the people of the United States.

The statement was also made that the President had sold out the United States.

What does that mean, my friends? By the ordinary construction of language, if there is a sale, there is also a price; and, if there is a price, the money that Judas took for the betrayal of Christ is no more foul than the money that would be taken under such circumstances by the President of the United States. I denounce as false and untrue the statement that the President has sold out the interest of the United States.

I do not know that I will claim the floor again. I have not claimed it in the past. But while I am on my feet let me say one word to both sides of the House, not in the attitude or the language that was used the other day—let me say it earnestly. I want you to remember, as I try to remember and as each of us tries to remember, that the honor and standing of the Congress of the United States is now at too low an ebb in the estimation of many people. I am not saying that we deserve it. I am saying that there is a widespread lack of confidence in the Congress of the United States. Men are apt to sneer at it and discuss lightly its honor and actions.

Ladies and gentlemen, if there is one particle of truth in the statement the gentleman has made, and if any integrity remains in us, let the gentleman be required to produce proof of his charges. Let him show that we have a President who is unworthy of occupying that high office, or let him go from this chamber as a foul traducer and assassin of the character of an honest man. [Applause.] These terrific accusations are too serious to lay aside. Let us not stop there.

Mr. O'CONNOR. Will the gentleman yield?

Mr. CHIPERFIELD. I yield.

Mr. O'CONNOR. Will the gentleman make the record clear that the charges of which he has just spoken were made by a Republican?

Mr. CHIPERFIELD. Does my friend suppose that the record does not already show that fact? I can not agree with you in view of what he has said, that he is any longer a Republican. His time came from the Democratic side of the House. [Laughter and applause.]

Now, let me conclude.

Mr. MAY. Will the gentleman yield?

Mr. CHIPERFIELD. I will.

Mr. MAY. Not in an antagonizing way, but does the gentleman not think that if the German Government should meet its obligations in the payment of interest, it would tend to stabilize its bonds and securities?

Mr. CHIPERFIELD. I surely do.

Mr. MAY. Rather than depreciate them?

Mr. CHIPERFIELD. I surely do, and no man, it seems to me, can think otherwise. It is only a question of its ability to do so. If it has the financial ability, then the proposition of granting further delay is indefensible.

Mr. MAY. Does not the gentleman think that its failure to do it will tend to depreciate the value of its securities?

Mr. CHIPERFIELD. Yes; as a categorical answer, but let me go a little farther. I am not saying this offensively. These loans about which we are having so much trouble—not the loan to Germany, because it does not come as a public loan exactly—but virtually all of these loans were

made by the Democratic administration of President Wilson. Had I then had a vote upon the proposition at that time I probably would have indorsed what was done. But these loans were recklessly and improvidently made and the difficulty comes now in attempting their collection.

If the President is seeking to give time for the payment of interest when interest can be paid without striking down the financial structure of Germany, then I would not agree with him. If, on the other hand, it is not possible to make collection without bringing about the collapse of the financial structure of Germany his action is well justified.

Let me conclude the sentence which I started a moment ago.

Mr. BLANTON. Will the gentleman yield?

Mr. CHIPERFIELD. I yield.

Mr. BLANTON. It should be understood that the distinguished gentleman from Pennsylvania [Mr. McFADDEN] all during the Hoover administration has been the Republican chairman of the great Committee on Banking and Currency of this House?

Mr. CHIPERFIELD. I will gladly incorporate that as a part of my remarks, if the gentleman so desires. I want him fully identified for, it seems to me, the horror of future generations, unless he can sustain the serious and outrageous charges which he has made against the President and his high office.

Now, Mr. Chairman, just one word further. I stated what the consequences should be to the gentleman. If the gentleman wants the House to believe what he states and if he is sincere, let him and his associates prepare articles of impeachment for presentation against the President of the United States, and let those articles of impeachment, if voted, be tried in the orderly way, and then the truth may be known, let the guilt and infamy and horror fall where it may. I merely say in conclusion that the President of the United States would ask for such action, knowing that the simple truth and a fair inquiry would fully vindicate him of these atrocious charges. If the statements made by the gentleman from Pennsylvania are not sustained by him, then he must bear the odium that attaches to one who falsely slanders and willfully assassinates character.

I thank you for your attention. [Applause.]

Mr. PURNELL. Mr. Chairman, I yield 15 minutes to the gentleman from New York [Mr. DAVENPORT]. [Applause.]

Mr. DAVENPORT. Mr. Chairman, I have recently come into the Chamber and have not heard the whole of the speech of the gentleman from Pennsylvania, but I have caught the drift of it. It is a perverted interpretation of events relating to the German moratorium. The twisted nature of it will be clear to the country when the cogent statement before the Ways and Means Committee by Mr. Mills, of the Treasury, to which I have just been listening, is made public.

I was in Germany during the week that preceded the declaration of the moratorium. I spent most of that week with men well informed in the business and financial world of Berlin and with members of the Government, and I think this: That the situation in Germany as I saw it had gotten far beyond any question about international bankers. It was a question not even of starving people. It was a question of the slipping out from under a great nation of the whole economic and financial underpinning. The result in a very short time would have been the breaking down of the Bruening-Curtius government and the coming of Hitlerism into power. If a man like Bruening can not master the situation in Germany, a man like Hitler could not long control it, because while he is an able man, he is of a distinctly more emotional type and less intelligent than Bruening, and it would not be long before communism would have come in Germany. It was a situation like that which the President of the United States faced rather than any crisis of international bankers. It was a case of crumbling civilization in Europe.

Mr. SIROVICH. Will the gentleman yield for a friendly question?

Mr. DAVENPORT. Yes.



Mr. SIROVICH. Does the gentleman know that Curtius is being kept in office by the Socialists to-day and that the Socialists can not be accused of being friends of the international bankers?

Mr. DAVENPORT. Curtius is not now in office in Germany. Curtius was a strong man, but there was a party and political situation which made it better to put somebody in his place.

I am happy to come to the defense in this place of the President of the United States.

It is easy to dramatize a President like Theodore Roosevelt who, though a member of the Dutch Reformed Church, was essentially a fighting Methodist. It is not so easy to understand or appreciate a President who has the quieter psychology of a Quaker inheritance. It is another kind of power, equally effective and of great constructive importance in a period like this when quietness of spirit and thoughtfulness and practical ideas are worth more to the world than anything else.

We have come upon a time when there is far greater power in ideas than in arms, when brute force is failing throughout the world as a means of solving any major problem. In the month of June of this year Germany was on the verge of financial collapse, and collapse might soon have meant communism for Germany, further economic and political disaster in Europe, and greatly prolonged agricultural and industrial disorganization in the United States. Germany attained a breathing spell and at least a chance to find her way out, through the power of two ideas and nothing else—the idea of the debt holiday and the idea that by international agreement it might temporarily be determined what short-term loans Germany could safely pay and what she could not pay. There is at least a lessening menace of Hitlerism and communism in that country, and recent dispatches indicate that the German people are ready to develop their own forms of relief, by a sweeping emergency program of reduction in prices and rents and rates of interest as well as wages and by heavy penalties for those who send their capital out of Germany.

Those two ideas, which are giving Germany a chance, which are aiding in the settlement of Europe after a great tragedy, and which are thereby lessening the economic peril of America, are the product of the leadership of the President of the United States. And in that particular crisis, international dislocation and relations being what they are following the war, the President of the United States has been working for the people of the United States at every moment in the negotiations.

In what are esteemed more purely domestic concerns there is also overwhelming evidence of the quiet power of character in the Presidency and the leadership of unspectacular but effective ideas. In many other countries there have been revolution, disorder, national bankruptcy, artificial inflation, and panics on a wide scale; in America, none of these major evils. The serious manifestations of economic distress and inequality in the United States have been met by the people, as the President has met them, with quietness, with a sense of responsibility of all for each, with the assurance that Government would do everything that a government should do, with a tremendous fulfillment of private initiative and generosity, without strikes or disorders or other ineradicable marks of industrial conflict.

The President has sought the way out through practical, effective ideas which grow out of the experience of peoples and governments, including our own, in similar crises, and also through new ideas of constructive genius. The principle of maintaining wages wherever it can be reasonably done, the expediting of Federal construction and the inspiring of State and municipal public works, the sponsoring of the magnificent effort of Walter Gifford and his associates in preparing throughout America for the hard winter of unemployment; the attempt at stabilization of agricultural and commercial and home-loan finance in time of peril, the many practical suggestions of the presidential message—all these indicate leadership of a high and practical order. Instead of inflation, the setting free of the idle money in the

private hoards and frozen banks and setting it to work for the Nation.

Instead of reaching blindly into the common treasury of the country for the purpose of the unintelligent distribution of a deficit, the setting to work of the vast resources of private initiative and generosity in America to accomplish the task. This is the statesmanship of ideas and not the politics of demagoguery. It is a process of facing realities with high intelligence. The alleged sin of being an optimist about America at the onset of the catastrophe is one which may easily be forgiven. There is no reason for us to expect that any man, because we have elected him President of the United States, should become endowed by that election with supernatural powers of prophecy and vision to foresee and forfend a catastrophe beyond the range of human experience.

Yet, large numbers of the American people have an unhappy tendency to blame the pilot at the helm when the storm rages and dangers threaten. It is not a tendency to be encouraged in the Congress or the country. The year before Abraham Lincoln came up for election the second time, he was the subject of such bitter denunciation and attack that the confidence of large numbers of the American people was shaken, and no man of prominence could be found who predicted his reelection. A turn in the fortunes of war and the deep underlying sense of right in the breasts of the people reelected Lincoln. Wilson had a similar experience of public ill-will, and so had Washington.

We compare no man in American history with Lincoln, at least I do not. But every great and effective President who has sought with high intelligence and with all his soul to lead his people straight is entitled to the meed of gratitude and cheer. [Applause.]

This is not the President's depression nor any party's depression. If men go to war, they suffer the aftermath. If men kill each other and destroy each other's wealth, there is no escaping the penalty. If men inflate values and prices beyond all reason, there is a judgment day. It is not in the power of human ingenuity to escape it. The human race was engaged for four years in the most vicious of all wars, a war of populations and deliberate inflations of currency and credit to facilitate the war. We are now reaping the harvest. The sin of war and the sin of inordinate speculation after the war, and the sin of neglect of the economic security of the masses of the people are bringing their retribution upon the just and the unjust alike, as they did in the days of which Abraham Lincoln wrote in his second inaugural:

Fondly do we hope, fervently do we pray, that this mighty scourge of war may speedily pass away. Yet if God wills that it continue until all the wealth piled up by the bondsmen's 250 years of unrequited toil shall be sunk and until every drop of blood drawn with the lash shall be paid by another drawn with the sword, as it was written 3,000 years ago, so still it must be said, "The judgments of the Lord are true and righteous altogether."

It is this background of world-wide economic and moral failure that we must hold in imagination when we estimate the burdens and the services to America and mankind of the present President of the United States. [Applause.] We have a right to be grateful that we have at the helm of the ship, in the gigantic storm which envelops the world, a pilot of quietness and of ideas, for it is only the leadership of balanced judgment and adventurous wisdom that is of any advantage to us now. [Applause.]

Mr. RAINEY. Mr. Chairman, I yield 10 minutes to the gentleman from Missouri [Mr. CANNON].

Mr. CANNON. Mr. Chairman, I regret to have to digress from the very interesting family discussion which has been in progress on the other side of the aisle, but in view of the attention that is being paid our international relations, I trust it will not be amiss to consider briefly a matter of domestic concern.

It is true the country is confronted by grave international questions, but it is also confronted by grave domestic questions. In fact, this Congress probably faces the most serious domestic situation ever faced by any Congress in time of



peace. We are confronted by many intricate and perplexing questions, and by none more intricate or more perplexing or more important than our agricultural problem.

Twice Congress passed a bill—passed by an overwhelming majority in both Houses—a bill designed by the farm organizations of the Nation for the solution of this question, then in its incipency. And twice the President vetoed the bill, while farm conditions grew steadily worse. Finally the President, in order to prevent the bill passing Congress a third time, devised a substitute which was press-agented throughout the country and on this floor as the ultimate solution of the whole question. And Congress, despairing of being permitted to formulate a bill of its own, reluctantly accepted it.

It was enacted as the agricultural marketing act, and as such it occupies a position unique in legislative annals. No other legislative measure ever failed so completely to achieve the purposes for which it was enacted as the agricultural marketing act.

Under the administration of the Federal Farm Board, which it created, the price of farm products has declined to the irreducible minimum; land values have shrunk almost to the vanishing point; and the purchasing power of the farm—the farm income—has declined so steadily that farmers are everywhere being dispossessed of their homes; business men and professional men dependent on farm patronage are being forced into bankruptcy at an appalling rate. Banks serving agricultural communities are failing in unprecedented numbers. And the condition of industry and labor, deprived of their greatest market, has precipitated a national crisis of unmeasured proportions, a crisis so portentous that the end can not be foreseen.

Whether the failure of the agricultural marketing act is due to inherent defects in the law itself or to the maladministration of the Federal Farm Board, charged with its enforcement, is a question which remains to be answered. But it must be answered. So acute is the situation and so insistent is the demand for an investigation which will answer this question that an official inquiry is inevitable. There is no alternative.

The demand for an investigation comes from both farm and factory. It comes from farm organizations, from the press, from the friends of the Farm Board, and, I trust, from the Farm Board itself.

It is not a partisan matter. It is not a political issue. It is an economic and a legislative proposition and should be approached as such. It is a subject for calm, dispassionate, impartial, judicial determination.

The country wants to know—and the Congress must know—whether these conditions arise from inadequacy of the law, from incompetency of the board, or from causes which legislation, or agencies created by legislation, are powerless to affect. Upon the accurate determination of this question rests not only the future course of agricultural legislation but of legislation for the alleviation of practically every economic evil of the day. The rehabilitation of the country, the recovery from the depression, the return to prosperity must start with the farm. The buying power of the farm must be restored. Until it is restored there can be no permanent market for the products of labor or industry. An open, honest, complete investigation of the entire subject is imperative and merits the interest and cooperation of everyone.

With that in view, let us examine briefly the charges which have brought about the demand for an investigation of the administration of the Federal Farm Board. They relate to practically every activity in which the board has engaged.

1. It is charged that the board is carrying an overhead out of proportion to its requirements; that it is overstaffed; that it is paying salaries in excess of those paid for similar services in other departments and in private business; and that the employees of the Stabilization Corporation and Farmers Grain Corporation, in particular, are receiving compensation materially higher than that received prior to their employment by the board.

2. It is charged that the cost of the board's stabilization program has been exorbitant, especially in prices paid for the business, good will, and physical properties of firms and corporations and in unnecessary shipment and storage and reshipment and restorage of commodities.

3. It is charged that the board has organized and established stabilization corporations and subsidiaries when it could have utilized the services of existing cooperative organizations which would have better served the purpose of the act under which the board was operating.

4. It is charged that unjust discrimination has been exercised by the board in making loans and in advancing credits, and that cooperative organizations have been, for irrelevant reasons, denied credit to which they were entitled under the law.

5. It is charged that the board has exercised undue control over organizations accepting loans and has exacted compliance with requirements unwarranted by the intent of the law.

6. It is charged that the board has sought to supplant and destroy farmer-owned cooperative agencies in existence at the time the board was organized and that it has used Federal resources at its command to drive existing cooperatives out of business, retarding the development of the cooperative movement the act was intended to foster.

7. It is charged that the board has failed to cooperate with other branches of the Government in that it has financed industries in unlawful operations and has continued to finance them after a Federal court has held such operations to be illegal.

8. It is charged that stabilization corporations, with the knowledge and approval of the board, have been operated in violation of the law under which they were chartered, with particular reference to amounts of commodities purchased from their members and amounts purchased from others.

9. It is charged that the board has attempted to influence elections and has expended large amounts in publicity intended to affect public sentiment.

10. It is charged that the board failed to cooperate fully in urgent drought-relief work in that it permitted charges against grain handled in that connection which the situation did not warrant.

11. It is charged that unwarranted purchases of commodities and contracts for options on the Chicago Board of Trade and other exchanges were made by the board and were continued when it was apparent that heavy losses incident to such operation were inevitable.

12. It is charged that stabilization operations in basic commodities were delayed by the board until all but a negligible amount of the year's crops had left the farm and that such stabilization operations were then discontinued before the next year's crops were ready for market.

13. It is charged that large quantities of commodities were thrown on the market by the board at harvest time and the price forced down just as farmers were marketing their crops.

14. It is charged that discrimination against domestic consumers and in favor of foreign consumers was practiced by the board in the sale of commodities by granting to foreign buyers advantageous terms of sale which were refused buyers for home distribution.

15. It is charged that the board has depressed the price of farm products by refusing to make public the amount and extent of their operations and by permitting exaggerated estimates of their holdings to gain currency, and that they have declined to make public the total cost in brokerage, commissions, interest, insurance, transportation, processing, and storage of commodities held by its stabilization corporations.

There are other charges, but those itemized are of such a nature and have gained such wide circulation as to warrant the fullest investigation. If they are without foundation, the sooner they are discredited the sooner will the Farm Board have the unqualified confidence and support of the public. If they are sustained, the sooner the remedy



can be applied. In either event, the way will be cleared for the accurate and effective solution of a problem which must be solved before remedial legislation can be enacted. The courts have held since the adjournment of the last session that the power of investigation is properly exercised by Congress preliminary to the formulation of appropriate legislation. When a great disaster occurs within the jurisdiction of either the Navy or the Army, a court of inquiry is at once assembled to determine the causes and to deduce facts to assist in preventing recurrence of the catastrophe. Certainly in the face of a catastrophe which has beggared our greatest industry and has wiped out billions of national assets, the only course which can be consistently followed is to require an investigation to inquire minutely into the disaster and its causes, and to endeavor to provide against further losses and to insure an early return to normal conditions.

I am certain the members of the Federal Farm Board will welcome such an inquiry. The charges brought against them collectively and individually are of too serious a nature to be passed over, even if no weightier issues were involved. They should have the fullest vindication, or else responsibility should be placed where it properly belongs. It is a matter which does not admit of temporization or compromise.

And for the same reason the investigation should be made by a special committee. Many members of the great Committee on Agriculture—and it is one of the greatest committees of the House—assisted in reporting the bill when it came up for consideration. To that extent it is their own handiwork. And to the same extent the Farm Board is their protégé. It follows that they should not wish to be embarrassed by being called to pass on questions which this investigation raises. Under our court procedure no tribunal sits upon a case in which there is any personal interest. And this investigation should not be made an exception.

Personally, I am convinced that every member of the committee is not only competent to pass on all questions which would be raised in such an inquiry but that the committee would discharge the duties of the investigation fairly and efficiently and perhaps more effectively than any other committee that could be appointed. However, in justice to them they should not be required to undertake it. Every care should be taken to anticipate criticism, every precaution should be observed to obviate any charge that the investigation is being whitewashed. If we are to pass the economic crisis in which we find ourselves, if we are to end this depression, we must restore confidence. That is the first step. We must have the confidence and cooperation of the public and we can not afford to omit any precautions which will insure fairness and justice in a matter of such vital and immediate importance, and in which there is such universal interest. It is to be hoped that the Committee on Rules, to which the resolution has been referred, will accord it an early hearing.

The resolution is appended:

*Resolved*, That the Speaker of the House of Representatives be, and he is hereby, directed to appoint from the membership of this House a select committee of nine members, which said committee is hereby authorized to fully investigate all operations, activities, and proceedings of the Federal Farm Board since its establishment, including the activities and transactions of all its subsidiary corporations and organizations and its relations, communications, and transactions with all cooperative organizations and other marketing agencies and associations.

*Resolved further*, That said committee is also hereby authorized and empowered to appoint such subcommittees as it may deem advisable, and the said committee or any subcommittee thereof is hereby authorized to sit during the sessions of the House or during any recess of the House, and to hold its sessions in such places as the committee may determine; to require by subpoena or otherwise the attendance of witnesses, the production of books, papers, and documents, to administer oaths and affirmations, and to take testimony.

*Resolved further*, That the Speaker is hereby authorized to issue subpoenas to witnesses upon the request of the committee or any subcommittee thereof at any time, including any recess of Congress; and the Sergeant at Arms is hereby empowered and directed to serve all subpoenas and other processes put into his hands by said committee or any subcommittee thereof.

*Resolved further*, That said select committee shall have the right at any time to report to the House in one or more reports

the results of its inquiries with such recommendations as it may deem advisable.

Mr. RAINEY. Mr. Chairman, I move that the committee do now rise.

The motion was agreed to; accordingly the committee rose, and the Speaker having resumed the chair, Mr. LOZIER, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee had had under consideration the President's message and had come to no resolution thereon.

#### THE FEDERAL FARM BOARD

Mr. WELCH of California. Mr. Speaker, I ask unanimous consent to print in the RECORD a 2-page statement in the form of an address on the San Francisco Grain Trade Association of the Chamber of Commerce.

The SPEAKER. The gentleman from California asks unanimous consent to extend his remarks in the RECORD in the manner indicated. Is there objection?

There was no objection.

Mr. WELCH of California. Mr. Speaker, under the leave to extend my remarks in the RECORD I include the following:

SAN FRANCISCO, CALIF., November 18, 1931.

The San Francisco Grain Trade Association has been opposed to several basic purposes of the agricultural marketing act which became effective on June 15, 1929, ever since the act was formulated.

The association maintains that the country-wide set-up of the grain trade forms a vast economic machine whereby the Nation's grain and cereal crops are marketed in a most efficient and economical manner—and with the full benefit of competitive buying for the producer's advantage—and that no power of Government can improve on the present system for the benefit of agriculture.

The association also maintains that a careful study of the cooperative movement will disclose the fact that most of such organizations have functioned well only in times of normal or short crops, failing utterly in times of surpluses.

The association believes that the speculative element incidental to trading in grain is a valuable aid to the stabilization of grain prices in its final analysis, and therefore opposes the feature of the act which contemplates minimizing speculation.

The association decries the attempt of the Government to prevent and control surpluses, maintaining the absurdity of such efforts, at least in a democratic country. Nature's great economic forces must prevail in a land where individual initiative and effort are not controlled, and history clearly demonstrates that governmental interference in such issues has always been detrimental rather than beneficial to the interests it sought to aid.

The association now comes forward with a most earnest protest against a situation which has been developed in California during the current year, and joins the grain trade of the country in its endeavors to advise Congress and the American people of an intolerable condition which has emanated from the activities of the Federal Farm Board, made possible under the agricultural marketing act.

The Farmers' National Grain Corporation was organized under the laws of the State of Delaware in August, 1930. Its avowed purpose is to market grain for farmers' cooperative organizations throughout the several States. It is supposed to be farmer owned and farmer controlled, but the Farm Board approves its by-laws, dictates its policies, and approves the appointment of its managers. George S. Milnor, president of the Farm Board's Stabilization Corporation, is vice president and general manager of the Farmers' National. His salary for his joint office is said to be \$50,000 per annum. The operations of the Grain Stabilization Corporation are secret; it openly declines to make public its plans for the disposal of its vast wheat holdings. But the Farmers' National can not but know these plans and thereby has an unwarranted knowledge of the eventual trend of the market, from which knowledge great profits for the corporation and certain individuals can be taken.

The Farmers' National, capitalized at about \$500,000, with but little over \$50,000 paid in as cash capital, has been financed by the Farm Board to the extent of over \$20,000,000. During its first year of operations in buying and selling for the Stabilization Corporation and in transacting other business, it earned over \$600,000 net, none of which will be redistributed amongst the agriculturists of California.

Very briefly, the officials of the Farmers' National Grain Corporation, who are said to hold the stock control in the company, are quietly building up a strong and widely operated structure, with offices located at strategic points, warehouses, elevators, branches, and other collateral advantages, all with Government money, against the day when Government support will be withdrawn—as all concede it eventually must—at which time they will be firmly entrenched in the grain business throughout the country, and with ample capital but not of their own providing. This all-important matter of capital deserves careful consideration. The Farmers' National has been both buying and selling large quantities of grain for account of the Grain Stabilization Corporation, receiving a liberal commission for both operations. Commissions



are also paid on Government loans extended to cooperatives through the Farmers' National. Large earnings have also accrued from the high rates of commission (which they term "operating charges") which are paid the Farmers' National by the cooperatives affiliated with it.

To all the above the grain trade of the United States is now voicing violent protest, in which the San Francisco association joins. But in California conditions are somewhat different and unique in that the basic intent of the agricultural marketing act is to serve agriculture through cooperative organizations, while in this State we have the Farmers' National Grain Corporation, operating neither for nor with any California cooperative, rapidly becoming a dominant factor in the State's grain business to the dismay of private business interests and to the consternation and loss of our agriculturists. And its letterhead carries the bold caption "Cooperating with the Federal Farm Board." Already it has purchased eight country grain warehouses from former operators and has leased three others—all in the San Joaquin Valley.

California produces considerable wheat but not enough for its own needs. Shortly before the Farm Board's sale of wheat to China the Farmers' National sent its agents throughout the State and purchased practically all the wheat then remaining in farmers' hands. The market immediately advanced. The profits on this deal will accrue to the Farmers' National Grain Corporation, and our agriculturists will in no way benefit. The wheat farmers of our State are greatly incensed at this act.

Last spring when it was apparent that California would have a short grain crop the Farmers' National bought up a large portion of the old crop of barley then remaining in the interior of the State at low prices. The market then advanced materially, but no profits were distributed to any California farmers.

Our State produces about 750,000 tons of barley annually. About one-third of this is a surplus crop and is shipped to Europe for brewing purposes, chiefly to Great Britain. The British importers keep closely in touch with conditions in this market. They all seem to hold a strong prejudice against Government-pooled or Government-financed grain, and now we have the warning from many of them that they may seek their supplies in other markets if the Farm Board control or aid continues with our California product. They even show their prejudice against the pooled grain in their own Provinces of Canada and Australia, so we can not consider their warning as an idle threat.

Barley is a world crop. England produces about 1,000,000 tons of this type of grain annually. She does not have to buy the California surplus—for excellent beer is made in Germany which uses none of our State's barley. So the loss of our export barley trade is at issue—and as there are many hundred of thousands of acres in California that will produce nothing else profitably at the present time, and as there is no other market for our surplus, there is no denying the fact that we are facing a most threatening situation.

The California farmer has at all times enjoyed the advantage accruing from competitive buying. The activity of the State's grain trade in vying with one another in securing the better types of brewing barley for the British trade has kept prices up to very satisfactory levels for many years. Should the Farmers' National gain a dominant position in the barley trade in this State, it could readily keep prices down to satisfy the British importer, to the end that the corporation and the foreign buyer would profit and the farmer suffer. The grain dealer would quite naturally fade from the picture.

So our association strongly maintains that the agricultural marketing act should be repealed or at least greatly modified. The Government should get out of business, but in spite of the oft-repeated sentiments of President Hoover to the effect that no Government agency should engage in price fixing of products lest bureaucracy succeed democracy; that initiative must not be undermined; that the intrusion of Government into trading operations will raise a host of new dangers; that the interference with normal processes of supply and demand will threaten the sane progress of the world; yet the Government through its Federal Farm Board has done all these things and more.

We know that grain growing in California has been benefited in no way by the Farm Board or the Farmers' National Grain Corporation; we also know that unbearable hardships are being imposed on business enterprises unable to maintain their position against discriminatory competition from the Government; hence our plea to the California delegation in the Congress of the United States that justice be done forthwith.

SAN FRANCISCO GRAIN TRADE ASSOCIATION,  
By F. A. SOMERS, President.

#### STABILIZATION OF EMPLOYMENT

Mr. LUDLOW. Mr. Speaker, I ask unanimous consent to print in the RECORD an address made by me to the Grand Aerie of the Fraternal Order of Eagles at Toledo, Ohio, on the 12th of last August.

The SPEAKER. Is there objection?

There was no objection.

Mr. LUDLOW. Mr. Speaker, the Fraternal Order of Eagles, which is a great humanitarian organization, with a brilliant record of service and devotion to the common men and women of America, has prepared and presented for the consideration of the Congress a bill for the stabilization of

employment. The purpose of this bill is to set up governmental machinery that will keep industry on an even keel and ward off such evil cycles of unemployment and attendant woes as the one through which we are now passing. In proposing this measure the Fraternal Order of Eagles has exhibited creative resourcefulness, high courage, and far-reaching vision. Splendid as is the order's record of humanitarianism this measure is the capstone of its service to humanity.

Reforms like this progress slowly. The bill was first introduced in the Congress by me on December 1, 1930. In the Seventy-first Congress it advanced to a hearing before the House Judiciary Committee when the merits of the proposal were ably presented by Frank E. Hering of South Bend, Ind., Conrad H. Mann of Kansas City, Representative CLYDE KELLY, of Pennsylvania, and others. Members of the committee saw in the suggestion much merit but the time was altogether too brief to secure action before the close of the short session on March 4, last. By request of the order I reintroduced the bill in the Seventy-second Congress on the 10th day of the present month and it is now pending before the Judiciary Committee of the House.

When the grand aerie, or national body, of the order assembled at Toledo last August this measure was a foremost topic of discussion. By special invitation I appeared before the grand aerie on August 12 and spoke on the measure. By courtesy of the House of Representatives the address I delivered on that occasion is herewith printed in full, as follows:

Grand Worthy President and members of the Fraternal Order of Eagles assembled from all of the States of the Union:

How to prevent recurrent periods of industrial prostration and unemployment is the greatest problem of our age. It is a challenge to the best there is in American statesmanship. We are passing through appalling times. Over 5,000,000 willing workers are out of work in our country. This unemployment has cut off the sustaining income of 20,000,000 people, or one-sixth of our entire population. The incomes of countless thousands of firms have shrunk until their business operations are being written "in the red." Investments have evaporated or dwindled in value until financial princes have become paupers and widows who invested all they had in supposedly perfect securities find themselves without a cent of income. Agriculture, no less than industry, is in the grip of creeping paralysis. Farms everywhere are for sale at less than their appraised value. Farm property is going to rack and ruin because our farmers can not pay their mounting taxes, let alone raise funds necessary to make improvements.

My Washington home is two blocks up Pennsylvania Avenue from the White House. I am an early riser, retaining the habits I formed in my adolescent youth on the farm. Every morning I ride down to my office in the House Office Building on a street car and these are the sights that successively greet my eyes: First, the White House, where abides the well-meaning President of the United States, the first citizen of this great sovereign Commonwealth of free men; second, the Treasury of the United States, money center of the world; third, the bank where Abraham Lincoln had his account, a Gibraltar of finance, its vaults bulging with money; fourth, the oldest national bank in Washington, 116 years old and with enormous resources; fifth, the home of the largest trust company in Washington, with great steel vaults that hold and protect the treasures of the rich; sixth, another strong national bank named for the first Postmaster General of the United States, Benjamin Franklin; and last but not least, on the matutinal vista a long bread line at Sixth Street with a queue extending a square and a half, whose hungry component units march forward in order under the direction of sharp-eyed policemen, and, turning with perfect military alignment and precision, enter a ground floor room in the abandoned old National Hotel to receive the morning hand-out of bread and hot coffee. Henry Clay died in that hotel and sometimes when I pause to watch the column of hungry men advance I wonder whether he is looking back across the Elysian fields and getting an eye full. If he is looking back at all he is getting an eye full, because the National Capital is a city that is supposed to be independent of the fluctuations and depressions of business. There the Government as regularly as clockwork pours out millions to meet its pay rolls, which outflow always heretofore has been regarded as a guaranty of local prosperity. Although I have been a member of the Washington press gallery for 30 years I never until during the last year saw a bread line at the Nation's Capital.

While this is going on at the Capital of our Nation countless thousands of American citizens throughout the country, clean, upright men and women, are being forced to humiliate themselves by accepting alms and the community chests and welfare associations everywhere find their funds prematurely exhausted. It is no reflection on these good people that they are compelled by the thousands to bend their pride and receive largess from the hand of charity—something they had never dreamed would be



possible. The blame rightfully belongs on society and especially on our statesmen who through lack of foresight or indifference, or both, have neglected to establish machinery to stabilize industry and employment.

With matchless leadership and clear vision the Fraternal Order of Eagles is proposing a plan which when it is carried into effect will save America's millions of working men, business men, farmers, and investors from these recurrent cycles of depression and all their attendant woes. Heretofore we have taken it for granted that these debacles are inevitable. When we emerged from one we lived in fool's paradise of unstable prosperity until the cycle turned and we again went down into the bottom of the trough. We have assumed that we had to do this, as a matter of course—that when soup-house time comes we must have soup houses, just as when night comes we must have darkness. Soup houses and unemployment have been regarded by us in our short-sightedness as part of a natural and inexorable régime that was as fixed and permanent as the planets in their orbits.

In June a year ago a brilliant son of Indiana and a great leader of men arose to challenge the truth of these conclusions. That man was Frank E. Hering, of South Bend, Ind., past grand worthy president of our order, a former professor of economics, a thinker, and above all a humanitarian of the first rank. Arising in the State aerie at Anderson, Ind., he proposed a plan for governmental machinery in the form of a commission to stabilize industry, agriculture, and commerce. His plan was so simple, so workable, so practical that it was indorsed enthusiastically by the State aerie and later in the year was adopted unanimously and with tremendous acclaim by the grand aerie, meeting in San Francisco. A commission was created to whip the proposal into shape, at whose head was placed that great Eagle and that great humanitarian, Conrad H. Mann, of Kansas City. On the commission as coworkers with Mr. Mann were chosen men of the highest intelligence and character—Otto P. Deluse, of Indiana, Ex-Congressman John M. Morin of Pennsylvania, and United States Senator JOHN J. BLAINE, of Wisconsin. This plan was written into the form of a bill which was introduced at the last congress by Senator BLAINE in the Senate and by myself in the House. On December 17 last we had a hearing on the bill before the House Committee on the Judiciary. I wish all of you—I wish every person in the United States—could have been present on that most impressive occasion. For an hour and a quarter the members of the committee listened with rapt attention to Mr. Hering as he explained the practical workability of the Eagles' plan, in language so clear, concise, and illuminating that the committee would have been glad to have listened to him all day if the program of the House had permitted. He was at his best and he carried the unflagging interest of the committee with him from start to finish.

The Eagles' plan provides for the creation of machinery that will be the greatest stabilizing influence in the world, doing for the Nation at large and for industry, employment, commerce, and agriculture, what certain governmental instrumentalities now successfully do for interests and special groups as, for instance, the Interstate Commerce Commission, which has saved many a railroad from being wrecked, and the Federal reserve system, which has been a great help in fostering and stabilizing the banking of the country. The Eagles' plan for a stabilizing commission goes far beyond anything that has ever been attempted in the direction of erecting a governmental structure that will keep industry and business on an even keel and ward off unemployment. Now and then governmental bureaus and agencies have pecked at this field of service but their efforts have been sporadic, amateurish, and wholly ineffective. Under the Eagles' plan there will be established for the first time a competent governmental agency in the form of a commission of five members that will meet continuously and give its entire time to working out plans to stabilize industry and employment. Its activities will never cease and it will deal with the subject in a very fundamental way. As all of the world is interrelated in an economic sense, all of the world will be embraced in the scope of the commission's investigations, for it often happens that factors arise in other countries that have a direct economic reaction in the United States. For instance, England's advocacy of the gold standard in India immediately dislocated the market for silver in the United States, China, Japan, and Mexico. If the Eagles' stabilizing commission had been in existence then it would have learned in advance of the factors at work in India and by taking the appropriate steps would have softened the effects of the debasement of silver so they would hardly have been felt in America.

The Eagles' commission when in operation will be a sort of general headquarters where conditions both here and abroad will undergo continual analysis by experts who understand their business and where plans of great variety will be formulated to steer our people clear of disaster. If one industry is threatened with dullness the workers in that industry will be advised where they can secure employment in another industry. If there is a surplus in sight of one crop the farmers of the country will be advised so they can turn their attention to another crop of which there is no surplus, all to the end of maintaining profitable prices. It is very properly provided that the commission shall have no authority in itself to compel obedience or even to issue orders of any kind. Its function is to be that of an adviser to Congress. It will be a great fact-finding agency and will work out carefully measured policies and programs which it will present to Congress and in that broad field of service it will become when in full operation the most comforting and helpful influence in our national life.

The Eagles' stabilizing commission has not yet arrived, but I am here to report to you that it is on the way! Its accomplishment will mark the very peak of achievement in a practical realization of the brotherhood of man, which is the hope and the objective of our splendid order. To say that these distressing cycles of depression and unemployment are natural and can not be prevented is fool's talk. To say that we who are in Congress, charged with promoting the general welfare, can not visualize the value of the plan offered to us by this great fraternal order and adopt means to ward off these unnecessary debacles is a reflection on the brains that God gave us. To say that in a great organized society there is not ability enough to arrange economic values so as to meet anticipated economic wants is a sad commentary on our public men. Of course it is a practical proposal. Of course it will succeed ultimately, and the Eagles' plan or some one fashioned after it will be adopted, and when that happy day comes the credit will belong to the great fraternal order that we all love.

#### PERMISSION TO ADDRESS THE HOUSE

Mr. SIROVICH. Mr. Speaker, I ask unanimous consent to address the House on January 4 next, immediately after the reading of the Journal, for one hour.

The SPEAKER. The gentleman from New York asks unanimous consent to address the House on January 4 next, immediately after the reading of the Journal, for one hour. Is there objection?

Mr. SNELL. Mr. Speaker, reserving the right to object, is that going to be the policy this year to allow a Member one hour on a certain day, three or four weeks in advance? There was considerable discussion of that last year, and we thought it was a bad policy. But it is for the majority to make its plans, and I am not going to object.

The SPEAKER. The Chair desires to say that he does not believe in that policy, and has so expressed himself a number of times. The Chair now takes the liberty of saying as a Member of the House that he believes that that policy is a mistake, and that gentlemen desiring to address the House ought to avail themselves, as far as possible, of the Committee of the Whole for that purpose. Otherwise the business of the House is clogged, and it interferes very often with the procedure that it is desired to pursue on that advanced day by virtue of the fact that consent has been given a Member to address the House at that time.

Mr. SNELL. I think it is a bad policy.

Mr. RAINEY. May I suggest to the gentleman from New York that he make his request immediately before the adjournment for the holidays?

Mr. SIROVICH. Mr. Speaker, in deference to the wishes of the Chair, I withdraw my request. I presented it to the gentleman from Illinois [Mr. RAINEY], and the gentleman from Indiana [Mr. PURNELL], and had their consent; but I am willing to withdraw the request.

#### EXTENSION OF REMARKS

Mr. RAINEY. Mr. Speaker, I ask unanimous consent that all Members who have spoken to-day be permitted to extend their own remarks in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

Mr. O'CONNOR. Reserving the right to object, I do not know whether the Chair has the information, but I would like to inquire whether the gentleman from Pennsylvania [Mr. MCFADDEN] had leave to extend his remarks?

The SPEAKER. The Chair is not informed.

A MEMBER. He did not.

Mr. O'CONNOR. I am forced to object to that particular instance.

#### ORDER OF BUSINESS

Mr. RAINEY. I desire to state that if the Mapes committee is not ready to go on to-morrow with their bills we will go into Committee of the Whole for the further consideration of the President's message. Next Monday or Tuesday it is not the purpose to take up anything of a controversial nature. There are many demands for time and we can devote those days to more debate. We expect to get the moratorium up on Thursday and perhaps get a vote on Friday.

#### PERSONAL REQUEST

Mr. WEAVER, at the request of Mr. DOUGHTON, by unanimous consent, was given leave of absence for one week on account of death in the family.



## ADJOURNMENT

Mr. RAINEY. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 4 o'clock and 20 minutes p. m.) the House adjourned until to-morrow, Wednesday, December 16, 1931, at 12 o'clock noon.

## EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of Rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

268. A letter from the Comptroller of the Currency, transmitting annual report of the Comptroller of the Currency covering the activities of the Currency Bureau for the year ended October 31, 1931; to the Committee on Banking and Currency.

269. A letter from the Secretary of the Treasury, transmitting a draft of a bill that the act of Congress entitled "An act to repeal and reenact chapter 100, 1914, Public No. 108, to provide for the restoration of Fort McHenry, in the State of Maryland, and its permanent preservation as a national park and perpetual national memorial shrine as the birthplace of the immortal Star-Spangled Banner, written by Francis Scott Key"; to the Committee on Military Affairs.

270. A letter from the Secretary of the Treasury, transmitting annual report of the Commissioner of Narcotics for the fiscal year ended June 30, 1931; to the Committee on Ways and Means.

271. A communication from the President of the United States, transmitting estimates of appropriations submitted by the several executive departments and establishments to pay claims for damages to privately owned property in the sum of \$27,472.35 (H. Doc. No. 178); to the Committee on Appropriations, and ordered to be printed.

272. A communication from the President of the United States, transmitting schedules covering certain claims allowed by the General Accounting Office, as shown by certificates of settlement transmitted to the Treasury Department of payment, in the sum of \$3,204.52 (H. Doc. No. 176); to the Committee on Appropriations and ordered to be printed.

273. A communication from the President of the United States, transmitting an estimate of appropriation submitted by the Secretary of Commerce to pay a claim for damage occasioned by collision with a vessel of the Lighthouse Service, in the sum of \$65 (H. Doc. No. 177); to the Committee on Appropriations and ordered to be printed.

274. A communication from the President of the United States, transmitting records of judgments rendered against the Government by the United States district courts, as submitted by the Attorney General through the Secretary of the Treasury, in the sum of \$289,809.31 (H. Doc. No. 175); to the Committee on Appropriations and ordered to be printed.

275. A communication from the President of the United States, transmitting a list of judgments rendered by the Court of Claims, which have been submitted by the Attorney General through the Secretary of the Treasury, in the sum of \$552,394.55 (H. Doc. No. 174); to the Committee on Appropriations and ordered to be printed.

276. A letter from the Comptroller General of the United States, transmitting report to the Congress concerning the claim of the Pennsylvania Railroad Co. against the United States; to the Committee on Claims.

277. A communication from the President of the United States, transmitting schedules of claims amounting to \$293,594.31, allowed by the General Accounting Office, as covered by certificates of settlement (H. Doc. No. 173); to the Committee on Appropriations and ordered to be printed.

## REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII,

Mr. MAPES: Select Committee on Fiscal Relations Between the United States and the District of Columbia. A report pursuant to House Resolution 285, Seventy-first Con-

gress, recommending changes in the fiscal relations (Rept. No. 1). Referred to the Committee of the Whole House on the state of the Union.

Mr. MAPES: Select Committee on Fiscal Relations Between the United States and the District of Columbia. H. R. 5821. A bill to provide for the taxation of incomes in the District of Columbia, to repeal certain provisions of law relating to the taxation of intangible personal property in the District of Columbia, and for other purposes; without amendment (Rept. No. 2). Referred to the Committee of the Whole House on the state of the Union.

Mr. FREAR: Select Committee on Fiscal Relations Between the United States and the District of Columbia. H. R. 5822. A bill to provide a tax on the transfers of estates of decedents; without amendment (Rept. No. 3). Referred to the Committee of the Whole House on the state of the Union.

Mr. DAVIS: Select Committee on Fiscal Relations Between the United States and the District of Columbia. H. R. 5823. A bill to increase the motor-vehicle fuel tax in the District of Columbia, and to provide for the better administration thereof; without amendment (Rept. No. 4). Referred to the Committee of the Whole House on the state of the Union.

Mr. DAVIS: Select Committee on Fiscal Relations Between the United States and the District of Columbia. H. R. 5824. A bill to require the registration of motor vehicles in the District of Columbia, to prescribe registration fees based upon the weight of such motor vehicles, and for other purposes; without amendment (Rept. No. 5). Referred to the Committee of the Whole House on the state of the Union.

## PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of Rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. MAPES: A bill (H. R. 5821) to provide for the taxation of incomes in the District of Columbia, to repeal certain provisions of law relating to the taxation of intangible personal property in the District of Columbia, and for other purposes; committed to the Committee of the Whole House on the state of the Union.

By Mr. FREAR: A bill (H. R. 5822) to provide a tax on the transfers of estates of decedents; committed to the Committee of the Whole House on the state of the Union.

By Mr. DAVIS: A bill (H. R. 5823) to increase the motor-vehicle fuel tax in the District of Columbia and to provide for the better administration thereof; committed to the Committee of the Whole House on the state of the Union.

Also, a bill (H. R. 5824) to require the registration of motor vehicles in the District of Columbia, to prescribe registration fees based upon the weight of such motor vehicles, and for other purposes; committed to the Committee of the Whole House on the state of the Union.

By Mr. BANKHEAD: A bill (H. R. 5825) providing for regulation of the transportation of cotton in interstate and foreign commerce, and for other purposes; to the Committee on Agriculture.

By Mr. CURRY: A bill (H. R. 5826) to divide the northern judicial district of the State of California into two judicial districts; to the Committee on the Judiciary.

Also, a bill (H. R. 5827) to amend the act approved March 4, 1929, authorizing the acquisition of site and construction of a post-office building at Sacramento, Calif.; to the Committee on Public Buildings and Grounds.

Also, a bill (H. R. 5828) to authorize the attendance of the Navy Band at the convention of the Veterans of Foreign Wars of the United States at Sacramento, Calif.; to the Committee on Naval Affairs.

By Mr. GLOVER: A bill (H. R. 5829) to amend the Federal highway act of November 9, 1921, so as to provide Federal aid to the States in building lateral post roads over which the United States mail is now or may hereafter be carried; to the Committee on Roads.

By Mr. LEAVITT: A bill (H. R. 5830) to provide for the protection of forests from losses caused by insects; to the Committee on Agriculture.

Also, a bill (H. R. 5831) to authorize an appropriation for the installation of a mechanical fish screen on the Sun



River Slope Canal, Sun River Irrigation project, Montana, and for other purposes; to the Committee on Irrigation and Reclamation.

By Mr. RANKIN (by request): A bill (H. R. 5832) to provide payment of adjusted-service credit to sisters, brothers, and estates; to the Committee on Ways and Means.

Also (by request), a bill (H. R. 5833) to provide for the establishment of a permanent medical service in the Veterans' Administration; to the Committee on World War Veterans' Legislation.

By Mr. BOYLAN: A bill (H. R. 5834) providing for a 5-day work week for certain Government employees; to the Committee on the Civil Service.

By Mr. BURTNESS: A bill (H. R. 5835) providing for the calling of adverse parties for cross-examination in actions at law or equity; to the Committee on the Judiciary.

Also, a bill (H. R. 5836) to amend section 99 of the Judicial Code (U. S. C., title 28, sec. 180), as amended; to the Committee on the Judiciary.

Also, a bill (H. R. 5837) to regulate the construction of bridges over navigable waters of the United States, and for other purposes; to the Committee on Interstate and Foreign Commerce.

Also, a bill (H. R. 5838) to provide for the aiding of farmers on wet lands in any State by the making of loans to drainage districts, levee districts, levee and drainage districts, counties, boards of supervisors, and/or other political subdivisions and legal entities, and for other purposes; to the Committee on Irrigation and Reclamation.

Also, a bill (H. R. 5839) to authorize the Secretary of Agriculture to provide for licensing laboratories for making determinations of protein in wheat and oil in flax, to maintain laboratories to pass on appeals from determinations of licensed laboratories, to acquire and disseminate information relative to protein in wheat and oil in flax, and for other purposes; to the Committee on Agriculture.

By Mr. EVANS of Montana: A bill (H. R. 5840) to grant vacant, unreserved, unappropriated, nonmineral lands to accepting States, and to authorize the President to establish national ranges in nonaccepting States; to create a board authorized to determine as to the disposition of certain areas of public domain; to enable the United States, the States, and individuals to exchange lands for the consolidation of mingled areas, and granting lands to certain States to achieve that purpose; to provide for the control, disposition, and protection of stock-watering places, and of intrastate and interstate stock driveways; and for the conservation of grazing resources; and for other purposes; to the Committee on the Public Lands.

By Mr. HADLEY: A bill (H. R. 5841) for the refundment of certain countervailing customs duties collected upon logs imported from British Columbia; to the Committee on the Judiciary.

By Mr. HARE: A bill (H. R. 5842) to amend an act providing for Federal intermediate credit banks; to the Committee on Banking and Currency.

By Mr. JAMES: A bill (H. R. 5843) to readjust the allowances of retired enlisted men of the Army, Navy, and Marine Corps; to the Committee on Military Affairs.

Also, a bill (H. R. 5844) to increase the efficiency of the Medical Department of the Regular Army; to the Committee on Military Affairs.

Also, a bill (H. R. 5845) to grant double-time credit for retirement purposes to enlisted men of the Army, Navy, Marine Corps, or Coast Guard for certain service since August 24, 1912; to the Committee on Military Affairs.

By Mr. McKEOWN: A bill (H. R. 5846) authorizing the District Court of the United States for the Eastern District of Oklahoma to hear and determine certain claims of the Seminole Nation or Tribe of Indians; to the Committee on Indian Affairs.

By Mr. MONTAGUE: A bill (H. R. 5847) to authorize the attendance of the Marine Band at the Confederate Veterans' reunion to be held at Richmond, Va.; to the Committee on Naval Affairs.

Also, a bill (H. R. 5848) authorizing and directing the Secretary of War to lend to the entertainment committee of the United Confederate Veterans 250 pyramidal tents, complete; fifteen 16 by 80 by 40 foot assembly tents; thirty 11 by 50 by 15 foot hospital ward tents; 10,000 blankets, olive drab, No. 4; 5,000 pillow cases; 5,000 canvas cots; 5,000 cotton pillows; 5,000 bed sacks; 10,000 bed sheets; 20 field ranges, No. 1; 10 field bake ovens; 50 water bags (for ice water) to be used at the encampment of the United Confederate Veterans to be held at Richmond, Va., in June, 1932; to the Committee on Military Affairs.

By Mr. RANKIN: A bill (H. R. 5849) to amend the World War veterans act, 1924, as amended; to the Committee on World War Veterans' Legislation.

Also, a bill (H. R. 5850) to amend the World War veterans' act of 1924, as amended; to the Committee on World War Veterans' Legislation.

Also, a bill (H. R. 5851) to provide adjusted-service credit allowance to provisional commissioned officers; to the Committee on Ways and Means.

Also, a bill (H. R. 5852) to provide for the commemoration of the Battles of Iuka and Eastport, in the State of Mississippi; to the Committee on Military Affairs.

Also, a bill (H. R. 5853) to provide for the commemoration of the Battle of Ackia, in the State of Mississippi; to the Committee on Military Affairs.

By Mr. SCHNEIDER: A bill (H. R. 5854) to amend the national prohibition act to provide for a reasonable and legal definition of the word "liquor" or the phrase "intoxicating liquor" within the purview of the eighteenth amendment to the Constitution of the United States; to the Committee on the Judiciary.

By Mr. TARVER: A bill (H. R. 5855) to amend the World War veterans' act of 1924, section 202, as amended; to the Committee on World War Veterans' Legislation.

By Mr. ALLGOOD: A bill (H. R. 5856) to authorize an appropriation for building highways on United States postal rural-route roads in the several States of the United States; to the Committee on Roads.

By Mr. CAMPBELL of Pennsylvania: A bill (H. R. 5857) to provide legal-tender money, without interest, secured by community noninterest-bearing 25-year bonds for public improvements, market roads, employment of unemployed, building homes for and financing through community banks organized under State laws its citizens, farmers, merchants, manufacturers, partnerships, corporations, trusts, or trustees, and for community needs of the United States; to the Committee on Banking and Currency.

By Mr. DYER: A bill (H. R. 5858) to amend the national prohibition act, as supplemented, to conform with the eighteenth constitutional amendment by limiting the prohibition to intoxicating liquors for beverage purposes; to the Committee on the Judiciary.

Also, a bill (H. R. 5859) to amend the national prohibition act, as supplemented, to conform with the eighteenth constitutional amendment by permitting the use of alcoholic liquors for medicinal purposes; to the Committee on the Judiciary.

By Mr. HANCOCK of North Carolina: A bill (H. R. 5860) to amend the revenue act of 1926 by reducing the tax on cigars, cigarettes, and tobacco; to the Committee on Ways and Means.

By Mr. HARDY: A bill (H. R. 5861) authorizing the construction of a drainage channel in the closed basin of the San Luis Valley in Colorado, authorizing investigations of reservoir sites, and for other purposes; to the Committee on Irrigation and Reclamation.

By Mr. LUCE: A bill (H. R. 5862) to establish a memorial to Theodore Roosevelt in the National Capital; to the Committee on the Library.

Also, a bill (H. R. 5863) to authorize the transfer of jurisdiction over public land in the District of Columbia; to the Committee on Public Buildings and Grounds.

By Mr. MANSFIELD: A bill (H. R. 5864) to provide for the appointment of an additional district judge for the



southern district of Texas; to the Committee on the Judiciary.

By Mr. MOORE of Kentucky: A bill (H. R. 5865) declaring the Mud River in the State of Kentucky a nonnavigable stream; to the Committee on Interstate and Foreign Commerce.

By Mr. SINCLAIR: A bill (H. R. 5866) to authorize the construction of a dam across Des Lacs Lake, N. Dak.; to the Committee on Flood Control.

By Mr. AUF DER HEIDE: A bill (H. R. 5867) to amend the national prohibition act; to the Committee on the Judiciary.

By Mr. BUCKBEE: A bill (H. R. 5868) to adjust the salaries of postmasters of the first and second classes; to the Committee on the Post Office and Post Roads.

By Mr. DICKSTEIN: A bill (H. R. 5869) to exempt from the quota husbands of American citizens; to the Committee on Immigration and Naturalization.

Also, a bill (H. R. 5870) to amend an act to supplement the naturalization laws, and for other purposes, approved March 2, 1929; to the Committee on Immigration and Naturalization.

Also, a bill (H. R. 5871) to amend the act of March 4, 1924, making it a felony for certain aliens to enter the United States of America; to the Committee on Immigration and Naturalization.

Also, a bill (H. R. 5872) to amend the immigration act of 1924; to the Committee on Immigration and Naturalization.

By Mr. DOMINICK: A bill (H. R. 5873) to provide for references in law cases by consent of the parties and declaring the effect of such submission; to the Committee on the Judiciary.

Also, a bill (H. R. 5874) to provide that indictments and informations shall not be held insufficient for failure to lay the venue; to the Committee on the Judiciary.

Also, a bill (H. R. 5875) to dispense with the necessity of setting out copies of instruments in indictments and informations; to the Committee on the Judiciary.

By Mr. ENGLEBRIGHT: A bill (H. R. 5876) to aid in the establishment of State parks; to the Committee on the Public Lands.

By Mr. HOUSTON of Hawaii: A bill (H. R. 5877) to further amend the act entitled "An act to extend the provisions of certain laws to the Territory of Hawaii," approved March 10, 1924; to the Committee on the Territories.

By Mr. KEMP: A bill (H. R. 5878) granting the consent of Congress to the Louisiana Highway Commission, and the Missouri Pacific Railroad Co., and the Louisiana & Arkansas Railway Co. to construct, maintain, and operate a combination highway and railroad bridge across the Mississippi River at or near Baton Rouge, La.; to the Committee on Interstate and Foreign Commerce.

By Mr. LEAVITT: A bill (H. R. 5879) to authorize an appropriation for completion of the recording of the Indian sign language through the instrumentality of Maj. Gen. Hugh L. Scott, retired; to the Committee on Indian Affairs.

By Mr. McLEOD: A bill (H. R. 5880) granting the Secretary of the Treasury authority to employ a local State resident architect in the construction of Federal buildings; to the Committee on Public Buildings and Grounds.

Also, a bill (H. R. 5881) providing that the Secretary of the Treasury shall permit only local State resident contractors to bid on the construction work of such Federal buildings, or additions thereto; to the Committee on Public Buildings and Grounds.

By Mr. CONNERY: A bill (H. R. 5882) to divest goods, wares, and merchandise manufactured or produced by women and minors of their interstate character in certain cases; to the Committee on Labor.

By Mr. GLOVER: A bill (H. R. 5883) to prevent the sale of cotton and grain in future markets and to aid agriculture; to the Committee on Agriculture.

By Mr. KLEBERG: A bill (H. R. 5884) to provide for the appointment of an additional district judge for the southern district of Texas; to the Committee on the Judiciary.

By Mr. FULMER: Resolution (H. Res. 63) providing for the printing of 2,000 copies of the Soil Survey for certain counties in North Carolina; to the Committee on Printing.

By Mr. DYER: Joint resolution (H. J. Res. 130) proposing an amendment to the Constitution of the United States providing for national representation for the people of the District of Columbia; to the Committee on the Judiciary.

By Mr. LUCE: Joint resolution (H. J. Res. 131) to make available to Congress the services and data of the Interstate Legislative Reference Bureau; to the Committee on the Library.

By Mr. DICKSTEIN: Joint resolution (H. J. Res. 132) relative to fees in naturalization proceedings; to the Committee on Immigration and Naturalization.

By Mr. DISNEY: Joint resolution (H. J. Res. 133) proposing an amendment to the Constitution of the United States fixing the commencement of the terms of President and Vice President and Members of Congress and fixing the time of the assembling of Congress; to the Committee on Election of President, Vice President, and Representatives in Congress.

By Mr. FISH: Joint resolution (H. J. Res. 134) authorizing the disposition of wheat purchased by the Federal Farm Board for the relief of distress in the United States; to the Committee on Agriculture.

#### MEMORIALS

Under clause 3 of Rule XXII, memorials were presented and referred as follows:

Memorial of the State Legislature of the State of California, memorializing the Congress of the United States relative to changing the official name of Goat Island to Yerba Buena Island; to the Committee on the Public Lands.

Memorial of the State Legislature of the State of California, memorializing the Congress of the United States to provide compensation, in lieu of taxes, for certain lands of the United States within the borders of the several States; to the Committee on the Public Lands.

#### PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. ADKINS: A bill (H. R. 5885) for the relief of Thomas Stevenson; to the Committee on Naval Affairs.

By Mr. ANDREWS of New York: A bill (H. R. 5886) authorizing the Secretary of War to award a congressional medal of honor to Maj. Algar M. Wheeler; to the Committee on Military Affairs.

Also, a bill (H. R. 5887) for the relief of George Rounds; to the Committee on Claims.

By Mr. AYRES: A bill (H. R. 5888) granting a pension to Mary E. Pratt; to the Committee on Pensions.

By Mr. BUCKBEE: A bill (H. R. 5889) for the relief of Jennie Shellcross; to the Committee on Claims.

By Mr. BURTNESS: A bill (H. R. 5890) for the relief of the Lehigh Briquetting Co.; to the Committee on Ways and Means.

Also, a bill (H. R. 5891) for the relief of W. H. Comrie, jr.; to the Committee on World War Veterans' Legislation.

By Mr. CLAGUE: A bill (H. R. 5892) granting a pension to Mary Ann Conley; to the Committee on Invalid Pensions.

By Mr. COCHRAN of Missouri: A bill (H. R. 5893) for the relief of William H. Moore; to the Committee on Claims.

Also, a bill (H. R. 5894) for the relief of Joseph P. Noser; to the Committee on Naval Affairs.

Also, a bill (H. R. 5895) for the relief of Albin Valentene Coffman; to the Committee on Naval Affairs.

Also, a bill (H. R. 5896) granting an increase of pension to Viola Schaub; to the Committee on Pensions.

Also, a bill (H. R. 5897) for the relief of Norman H. Murphy; to the Committee on Military Affairs.



Also, a bill (H. R. 5898) for the relief of Clarence Edward Mattison; to the Committee on Naval Affairs.

Also, a bill (H. R. 5899) granting a pension to Emma Springer; to the Committee on Invalid Pensions.

By Mr. COLTON: A bill (H. R. 5900) for the relief of H. A. Soderberg; to the Committee on Claims.

Also, a bill (H. R. 5901) granting a pension to John Z. Alger; to the Committee on Pensions.

By Mr. CONNERY: A bill (H. R. 5902) for the relief of Arthur Maxwell O'Connor; to the Committee on Military Affairs.

By Mr. CRAWL: A bill (H. R. 5903) for the relief of Michael J. McNulty; to the Committee on Military Affairs.

Also, a bill (H. R. 5904) for the relief of George McCourt; to the Committee on Military Affairs.

Also, a bill (H. R. 5905) for the relief of certain officers of the United States Public Health Service; to the Committee on Claims.

By Mr. CRISP: A bill (H. R. 5906) for the relief of Lucy Stewart; to the Committee on Claims.

By Mr. DAVENPORT: A bill (H. R. 5907) granting a pension to Arthur Boyce; to the Committee on Invalid Pensions.

By Mr. DISNEY: A bill (H. R. 5908) granting a pension to Laura E. Todd; to the Committee on Pensions.

By Mr. EATON of Colorado: A bill (H. R. 5909) to authorize the issuance of patents for certain lands in the State of Colorado to certain persons; to the Committee on the Public Lands.

By Mr. EATON of New Jersey: A bill (H. R. 5910) granting a pension to Edward Brodmerkel; to the Committee on Pensions.

By Mr. EVANS of California: A bill (H. R. 5911) granting an increase of pension to Martha J. Jones; to the Committee on Invalid Pensions.

By Mr. FISHBURNE: A bill (H. R. 5912) granting a pension to Mary Frances Paris Phillips; to the Committee on Pensions.

Also, a bill (H. R. 5913) for the relief of Samuel Irick; to the Committee on World War Veterans' Legislation.

By Mr. FOSS: A bill (H. R. 5914) granting an increase of pension to Julia A. Morgan; to the Committee on Invalid Pensions.

Also, a bill (H. R. 5915) granting an increase of pension to Annie E. Stoddard; to the Committee on Invalid Pensions.

Also, a bill (H. R. 5916) granting an increase of pension to Julia O'Mara; to the Committee on Invalid Pensions.

Also, a bill (H. R. 5917) granting an increase of pension to Julia A. Tyler; to the Committee on Invalid Pensions.

By Mr. HAINES: A bill (H. R. 5918) granting a pension to Prudence K. Clair; to the Committee on Invalid Pensions.

By Mr. HARDY: A bill (H. R. 5919) granting an increase of pension to Edeluvin G. Romero; to the Committee on Invalid Pensions.

By Mr. HARE: A bill (H. R. 5920) for the relief of Rosa E. Browning; to the Committee on Claims.

Also, a bill (H. R. 5921) for the relief of William Smith; to the Committee on Naval Affairs.

By Mr. HASTINGS: A bill (H. R. 5922) for the relief of W. A. Peters; to the Committee on Claims.

By Mr. HOGG of West Virginia: A bill (H. R. 5923) granting an increase of pension to Duracy E. Ash (with accompanying papers); to the Committee on Invalid Pensions.

Also, a bill (H. R. 5924) granting an increase of pension to Flera Messick (with accompanying papers); to the Committee on Invalid Pensions.

Also, a bill (H. R. 5925) granting a pension to Mollie A. Ware (with accompanying papers); to the Committee on Invalid Pensions.

Also, a bill (H. R. 5926) granting a pension to Nannie S. Daniel (with accompanying papers); to the Committee on Invalid Pensions.

Also, a bill (H. R. 5927) granting an increase of pension to Sarah E. Boler (with accompanying papers); to the Committee on Invalid Pensions.

Also, a bill (H. R. 5928) granting a pension to Cora C. O'Neill; to the Committee on Invalid Pensions.

Also, a bill (H. R. 5929) for the relief of Benjamin Yarrow; to the Committee on Military Affairs.

Also, a bill (H. R. 5930) for the relief of Howard Lee; to the Committee on Military Affairs.

Also, a bill (H. R. 5931) granting an increase of pension to Chloe T. Hutchinson; to the Committee on Invalid Pensions.

By Mr. HOPKINS: A bill (H. R. 5932) granting a pension to Mary Susan Taylor; to the Committee on Invalid Pensions.

Also, a bill (H. R. 5933) for the relief of John Evans; to the Committee on Claims.

By Mr. JENKINS: A bill (H. R. 5934) granting an increase of pension to Caroline Forrest; to the Committee on Invalid Pensions.

Also, a bill (H. R. 5935) granting an increase of pension to Frances Lee; to the Committee on Invalid Pensions.

Also, a bill (H. R. 5936) granting an increase of pension to Sophie M. Swigert; to the Committee on Invalid Pensions.

By Mr. KADING: A bill (H. R. 5937) granting an increase of pension to Mary Baker; to the Committee on Invalid Pensions.

By Mr. KNUTSON: A bill (H. R. 5938) granting a pension to Angeline Woolsey; to the Committee on Pensions.

By Mr. LAMBETH: A bill (H. R. 5939) for reimbursement of expenditures made by Lieut. Felix L. Johnson, United States Navy, for transportation of his dependents incident to his transfer from Naval Academy to Asiatic station in 1928; to the Committee on Claims.

By Mr. LEAVITT: A bill (H. R. 5940) for the relief of Florian Ford; to the Committee on Indian Affairs.

By Mr. LOZIER: A bill (H. R. 5941) granting a pension to Ellen Steton; to the Committee on Invalid Pensions.

Also, a bill (H. R. 5942) granting a pension to Catherine Glasscock; to the Committee on Invalid Pensions.

Also, a bill (H. R. 5943) granting an increase of pension to Sarah I. Tomlin; to the Committee on Invalid Pensions.

By Mr. LUDLOW: A bill (H. R. 5944) granting an increase of pension to Sophia Huber; to the Committee on Invalid Pensions.

By Mr. McCLINTOCK of Ohio: A bill (H. R. 5945) granting an increase of pension to Flora V. Reid; to the Committee on Invalid Pensions.

By Mr. McLEOD: A bill (H. R. 5946) for the relief of Clawson R. Nelson; to the Committee on Claims.

Also, a bill (H. R. 5947) for the relief of John Moore; to the Committee on Claims.

By Mr. McSWAIN: A bill (H. R. 5948) granting an increase of pension to Emily F. Ailshie; to the Committee on Pensions.

Also, a bill (H. R. 5949) granting a pension to Marvin Yeargin; to the Committee on Pensions.

By Mr. MALONEY: A bill (H. R. 5950) for the relief of Adrian M. Finney and others; to the Committee on Claims.

By Mr. MARTIN of Oregon: A bill (H. R. 5951) granting an increase of pension to Emma S. Young; to the Committee on Invalid Pensions.

Also, a bill (H. R. 5952) granting a pension to Ella Ann Alexander; to the Committee on Pensions.

By Mr. MILLIGAN: A bill (H. R. 5953) granting a pension to Louisa Wainscott; to the Committee on Invalid Pensions.

By Mr. MOORE of Kentucky: A bill (H. R. 5954) granting a pension to Sylvia Abner; to the Committee on Invalid Pensions.

Also, a bill (H. R. 5955) granting an increase of pension to Americus Watt; to the Committee on Pensions.

Also, a bill (H. R. 5956) granting a pension to Lee Rigsby; to the Committee on Invalid Pensions.

By Mr. MOREHEAD: A bill (H. R. 5957) for the relief of Mary E. McGerr; to the Committee on Claims.

By Mr. NELSON of Wisconsin: A bill (H. R. 5958) granting an increase of pension to Ann Cripps; to the Committee on Invalid Pensions.

By Mr. NOLAN: A bill (H. R. 5959) granting a pension to Henry Berndt; to the Committee on Pensions.

Also, a bill (H. R. 5960) for the relief of Maj. Richard K. Smith; to the Committee on Military Affairs.



Also, a bill (H. R. 5961) for the relief of Robert Templeton; to the Committee on Military Affairs.

Also, a bill (H. R. 5962) for the relief of Robert J. Smith; to the Committee on Military Affairs.

By Mr. NORTON of Nebraska: A bill (H. R. 5963) granting an increase of pension to Marie M. Colby; to the Committee on Pensions.

By Mr. POLK: A bill (H. R. 5964) granting a pension to Bertha T. Hastings; to the Committee on Invalid Pensions.

By Mr. PURNELL: A bill (H. R. 5965) granting a pension to Edith A. Sunderland; to the Committee on Pensions.

By Mr. RAMSEYER: A bill (H. R. 5966) granting an increase of pension to Susan F. Coats; to the Committee on Invalid Pensions.

By Mr. RANKIN: A bill (H. R. 5967) granting the distinguished-service cross to Richard M. Boyd; to the Committee on Military Affairs.

Also, a bill (H. R. 5968) granting a pension to Phillip E. Bruton; to the Committee on Pensions.

Also, a bill (H. R. 5969) granting a pension to Julia Ann Gentry; to the Committee on Pensions.

Also, a bill (H. R. 5970) granting a pension to Charlotte DuBose Taylor; to the Committee on Invalid Pensions.

Also, a bill (H. R. 5971) for the relief of Grover Cleveland Ballard; to the Committee on War Claims.

Also, a bill (H. R. 5972) granting a pension to Jason Paul Ford; to the Committee on Invalid Pensions.

Also, a bill (H. R. 5973) granting a pension to Harriet McEntire; to the Committee on Pensions.

By Mr. RICH: A bill (H. R. 5974) granting a pension to Hazel Stover; to the Committee on Pensions.

By Mr. SCHAFER: A bill (H. R. 5975) for the relief of William P. Rooney; to the Committee on Claims.

By Mr. SWING: A bill (H. R. 5976) granting a pension to Douglas B. Trask; to the Committee on Pensions.

By Mr. SMITH of Idaho: A bill (H. R. 5977) granting an increase of pension to Mary F. Elam; to the Committee on Invalid Pensions.

By Mr. SMITH of West Virginia: A bill (H. R. 5978) for the relief of Elmer James Wynne; to the Committee on Naval Affairs.

Also, a bill (H. R. 5979) for the relief of the heirs of John B. Johnson; to the Committee on War Claims.

By Mr. STEVENSON: A bill (H. R. 5980) for the relief of Lottie W. McCaskill; to the Committee on Claims.

Also, a bill (H. R. 5981) for the relief of Maj. William Lee Davidson; to the Committee on Military Affairs.

Also, a bill (H. R. 5982) granting a pension to Waddy D. Kirkley; to the Committee on Pensions.

Also, a bill (H. R. 5983) granting a pension to William T. Dickerson; to the Committee on Pensions.

Also, a bill (H. R. 5984) granting a pension to William A. Finley; to the Committee on Pensions.

By Mr. SWICK: A bill (H. R. 5985) granting a pension to Eleanor and Robert Snyder; to the Committee on Pensions.

By Mr. SWING: A bill (H. R. 5986) for the relief of Charles F. Starr; to the Committee on Military Affairs.

Also, a bill (H. R. 5987) for the relief of High G. Lisk; to the Committee on Claims.

Also, a bill (H. R. 5988) for the relief of Lloyd Earnest Robbins; to the Committee on Naval Affairs.

Also, a bill (H. R. 5989) for the relief of John O'Neil; to the Committee on Naval Affairs.

Also, a bill (H. R. 5990) granting a pension to Ollie A. DeSelm; to the Committee on Invalid Pensions.

By Mr. TARVER: A bill (H. R. 5991) granting a pension to Theodore V. Cowart; to the Committee on Pensions.

Also, a bill (H. R. 5992) granting a pension to Mary H. Auch; to the Committee on Invalid Pensions.

By Mr. THATCHER: A bill (H. R. 5993) for the relief of William H. Plyman; to the Committee on Military Affairs.

By Mr. THOMASON: A bill (H. R. 5994) for the relief of E. G. Doty; to the Committee on Claims.

By Mr. TILSON: A bill (H. R. 5995) authorizing the President to order Louis U. LaBine before a retiring board for a hearing of his case and upon the findings of such board to determine whether or not he be placed on the retired list with rank and pay held by him at the time of his discharge; to the Committee on Military Affairs.

Also, a bill (H. R. 5996) granting an increase of pension to Nellie N. Taft; to the Committee on Invalid Pensions.

Also, a bill (H. R. 5997) for the relief of Lulu M. Peiper; to the Committee on Claims.

Also, a bill (H. R. 5998) for the relief of Mary Murnane; to the Committee on Claims.

Also, a bill (H. R. 5999) for the relief of Raymond Nelson Hickman; to the Committee on Naval Affairs.

Also, a bill (H. R. 6000) for the relief of Austin L. Tierney; to the Committee on Naval Affairs.

Also, a bill (H. R. 6001) granting a pension to Ida Raphael; to the Committee on Pensions.

Also, a bill (H. R. 6002) granting a pension to Matilda Sieber; to the Committee on Invalid Pensions.

By Mr. WHITTINGTON: A bill (H. R. 6003) for the relief of A. L. Marshall; to the Committee on Claims.

By Mr. WILLIAMS of Missouri: A bill (H. R. 6004) granting an increase of pension to Caroline Winfield; to the Committee on Invalid Pensions.

#### PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

150. By Mr. BARBOUR: Petition of residents of the seventh congressional district of California, relative to radio protection for passengers and seamen on seagoing vessels, etc.; to the Committee on the Merchant Marine and Fisheries.

151. By Mr. BEAM: Petition of the Polish National Alliance, Commune 143, to amend the World War adjusted compensation act and provide for the immediate cash redemption of adjusted-compensation certificates; to the Committee on Ways and Means.

152. By Mr. EATON of Colorado: Memorial of the Colorado Highway Advisory Board, urging the passage of an act similar to the act of December 20, 1930, appropriating emergency Federal-aid funds equal to that of the emergency advance fund act, approved December 20, 1930; to the Committee on Appropriations.

153. By Mr. GARBER: Petition of the Committee Against Repeal of the Eighteenth Amendment, stating reasons for opposition to resubmission of the eighteenth amendment to the States; to the Committee on the Judiciary.

154. By Mr. HOGG of West Virginia: Petition of Independent Petroleum Association of America, requesting protective tariff or restrictive importations on crude oil; to the Committee on Ways and Means.

155. By Mr. HERR: Memorial of Vancouver (Wash.) Chamber of Commerce, protesting against reduction of Air Corps Reserve appropriations and seeking an increase in flying hours; to the Committee on Ways and Means.

156. Also, petition of Maj. E. M. Brown Camp, No. 22, United Spanish War Veterans, of Tacoma, Wash., protesting against any wage cut of Federal employees' salaries; to the Committee on Ways and Means.

157. By Mr. MOORE of Kentucky: Petition of Local Union, No. 5119, United Mine Workers of America, Central City, Ky., for Federal relief for unemployed miners; to the Committee on the Judiciary.

158. By Mr. SINCLAIR: Petition of Board of County Commissioners of Williams County, N. Dak., asking for Federal aid to purchase seed grain, feed, and fuel for planting the 1932 crops; to the Committee on Agriculture.

159. By Mr. THOMASON: Petition of George Scott Post, No. 394, American Legion, Bronte, Tex., asking that Congress enact a law providing for payment of balance due on adjusted-service certificates; to the Committee on Ways and Means.